FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Nailbiting climax to Hong Kong talks, Page 3

NEWS SUMMARY

GENERAL

Israel's political crisis deepens

Israel's political and economic crisis deepened as Mr Shimon Peres, the Labour Party leader and Prime Minister-designate, sought the help of the small religious parties in an attempt to form a narrow coalition government.

The move came as Israel's central bank submitted economic measures designed to bring down the country's rocketing inflation and balance of payments deficit.

The austerity measures would restrict the money supply, cut real wages and subsidies and reduce government spending. Page 14

Canadian vote

Canadians go to the polls today and are expected to give an overwhelming mandate to the opposition Progressive Conservative Party, ending 21 years of Liberal Party rule. Page 14

Montreal blast

At least three people died and more than 25 were burt when a bomb exploded at Montreal's central railway station. Police defused another bomb and arrested a man.

Austrian reshuffle

Franz Vranitzky, former director general of the Austrian Länderbank replaced Finance Minister Herbert Salcher, and Vienna mayor Leopold Gratz replaced Erwin Lanc as Foreign Minister in a Cabinet reshuffle. Pages 2; 14

Chernenko 'working'

President Chernenko is carrying out his duties, the Soviet Foreign Ministry said, but did not fully dispel speculation that he was ill. Page 2

Anglo-Irish summit

Mrs Margaret Thatcher, the UK Prime Minister, and Irish Premier Dr Garret FitzGerald agreed to hold an Anglo-Irish summit meeting in November.

EEC talks in danger

Talks on bringing Spain and Portugal into the EEC were in danger of collapse after member states disagreed in several areas. Page 2

Saharan deaths

The Polisario Front, which is fighting Moroccan rule of the western Sahara, claims to have killed 298 troops and wounded 391 in attacks during the second half of last month.

Istanbul bomb

Two Lebanese were killed in Istanbul when a car bomb exploded.

Typhoon kills 1,000

Up to 1,000 people are feared to have died in a typhoon in the southern Philippines.

Vatican line

The Vatican issued a directive to theologians condemning Marxist influence on Roman Catholic thinking.

Argentine strike

The first general strike against Argentine President Raúl Alfonsín's nine-month-old government slowed down economic activity but failed to bring the country to a halt. Page 4

Gulf War 'no end'

Iranian prime minister Mir-Hossein Mousavi said he saw no end to the four-year-old Gulf War until Iraq's president Saddam Hussein fell from power.

Sabena strike

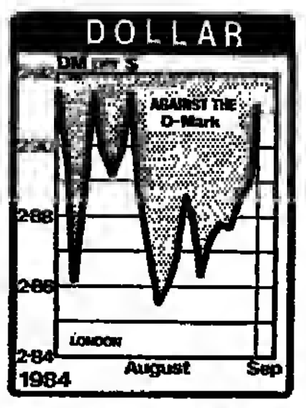
Cabin staff on Belgium's national airline Sabena struck for 24 hours over new staffing arrangements.

BUSINESS

Insurer to buy Banque Worms

L'UNION des Assurances de Paris, France's largest nationalised insurance group, is about to take control of Banque Worms, the country's fourth largest state-owned investment bank. Page 15

DOLLAR was firmer in London, rising to DM 2.9115 (DM 2.889), FFr 8.934 (FFr 8.8645), SwFr 2.428 (SwFr 2.41) and Y242.75 (Y241.85). On Bank of England figures, its trade-weighted index rose to 137.2 from 136.5. Page 35



STERLING was down against the dollar in London, falling 55 points to $1.303. It was unchanged at Y316.25, but improved to DM 3.795 (DM 3.7775), FFr 11.64 (FFr 11.5825) and SwFr 3.165 (SwFr 3.15). Its trade-weighted index was steady at 78.1. Page 35

GOLD fell $3.50 oo the London bullion market to $344.50. It was also down in Frankfurt and Zurich at $344.50. Page 34

TOKYO stocks edged upward. The Nikkei-Dow market average ended 9.48 higher at 10,630.08. Section III

LONDON equities were enlivened by takeover speculation, with the FT Industrial Ordinary index up 1.4 at 855.1. Gilts firmed. Section III

FRANKFURT and Amsterdam share volume last month totalled around twice July's levels, bourse data showed. The Commerzbank index regained the 1,000 mark with an 8.3 rise at 1,000.2. Section III

WALL STREET and other U.S. markets, as well as those in Canada, were closed for holidays.

POLAND has devalued the zloty by 8.8 per cent against the dollar in an effort to boost exports. The new exchange rate is 123 to the dollar. Page 2

EGYPT's $34bn plan to build eight nuclear power plants by the year 2000 will be delayed by at least five years because of financing difficulties.

NORWEGIAN Finance Minister Rolf Presthus said the government might again have to regulate banks directly if technical measures to curb lending failed. Page 3

BORAL, Australian building products group, lifted net earnings 74 per cent from A$54.6m to A$95.1m ($86.45m) in the year to June 30. Page 17

SIME DARBY, Malaysian diversified trading group, boosted pre-tax profits 94 per cent to 214.3m ringgit ($93m) for the year ended June. Page 17

PARGESA, Swiss holding company which is also a leading bank, saw profits jump to SwFr 86.7m ($36.2m) for the year ended June against SwFr 30.4m a year earlier. Page 16

FARMITALIA Carlo Erba, Italian pharmaceutical group, made special provisions of L10.5bn ($6m) for losses incurred through the withdrawal from sale of its anti-arthritis drug, Flosint. Page 15

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Eleven die in South African protest against new constitution

BY JIM JONES IN JOHANNESBURG

ELEVEN PEOPLE died, at least 20 were injured, and property worth hundreds of thousands of rand was destroyed in a wave of violent protest that swept South Africa's industrial heartland yesterday.

In central Johannesburg a bomb caused extensive damage to a government office block, while in black townships around the city as well as near Pretoria and the mining town of Welkom, armed police battled to quell a surge of protest.

The rioting occurred as the Government was celebrating the inauguration of South Africa's new constitution, which allows limited representation to Indians and to the coloured populatioo – those officially designated as being of mixed racial descent – but leaves the black majority voteless.

The Johanneshurg bomh at the Department of Internal Affairs was almost certainly planted in direct protest against the new constitution, and the disturbances in the hlack townships have sprung from dissatisfaction with specific aspects of apartheid.

In Sharpeville, Evaton and Sebokeng, the black dormitory suburbs of the industrial town of Vereeniging, south of Johannesburg, school and work boycotts in protest against reot increases erupted into violence late on Sunday.

The deputy mayor of Sharpeville, Mr Sam Dlamini, was backed to death and his body burned on his front doorstep. In two separate incidents two people were burned to death when their cars were firebombed by gangs of youths. The charred bodies of two other people were found in the outhouse of a town councillor in Sebokeng.

In 1960, Sharpeville was the scene of South Africa's worst single incident of racial conflict, wben police opened fire on a large crowd of hlack demonstrators, killing 67.

Black South Africans are obliged to rent houses in segregated townships where property ownership rights are limited. Rents are collected by the administration boards which control many aspects of hlack life, and increases generally result in protests.

The situation has been made worse recently as black incomes have been squeezed by unemployment resulting from South Africa's worst post-war recessinn and rising douhle-digit inflation.

After two days of unrest dozens of bouses, public buildings, shops and beerhalls have been gutted in the townships around Vereeniging. The homes of black town councillors, generally characterised by their relative opulence, bave been particular targets.

On the East Rand the simmering violence has been founded on discontent with the black education system, widely seen as inferior to that of whites. At the weekend the death toll in the East Rand townships of Daveyton, Wattville, Katlehong and Thokoza rose to seven, with the death of another schoolchild hit hy bullets. All but one of the people killed in the past few weeks bave been school pupils aged between six and 16.

Opposition politicians and church and community leaders have called for restraint by the police in their handling of the disturhances. The leader of the white official opposition, Mr Frederik van Zyl Slabbert, has called on Mr Louis le Grange, the Minister of Law and Order, to curh unnecessary heavy-handed action by the police, and the Minister has ordered a report into the deaths.

British coal board and miners plan fresh talks

BY OUR LABOUR STAFF IN BRIGHTON

NEW TALKS have been arranged between the two sides in Britain's national coal dispute. The announcement came yesterday as the UK's Trades Union Congress (TUC), meeting for its annual cooference, gave overwhelming support for the striking miners despite vociferous opposition from unions representing the power workers.

About 5,000 miners had come to lobby the Congress, held in Brighton, and to march through the town. The demonstratioo was peaceful. One of the organisers, Mr Terry Harrison, said: "It has secured us a famous victory by showing the world we can march sensihly."

The new talks between the National Coal Board (NCB) and the National Union of Mineworkers (NUM) are likely to start later this week. Mr Ian MacGregor, NCB chairman, and Mr Peter Walker, Energy Secretary, both said they believed Mr Arthur Scargill, president of the NUM, had softened his previously immovable opposition to pit closures on economic grounds.

Mr MacGregor, at a hastily called press cooference, said: "There would not have been any discussions unless they (the NUM) bad indicated they were prepared to talk about the realities."

He suggested that he would await for the other side to take the initiative, before deciding whether the coal board would alter its position.

Mr Walker said: "I gather he (Mr Scargill) has now agreed – perhaps with TUC pressure – to move from that position (of total opposition to pit closures) – and if so, that is good."

Mr Peter Heathfield, the NUM general secretary, speaking in Brighton last night, appeared to limit the room for manoeuvre in the talks. "There will be secret talks hut there will not be secret deals," he said.

The talks are apparently a result of approaches to both sides by Mr Robert Maxwell, the new and flamboyant owner of the Mirror Group of newspapers. Mr Maxwell protested in Brightoo yesterday that he was oo more than a messenger boy, hut the show-business element that surrounds the negotiations gives rise to some douht about the quality of preparation for the talks.

Confirmation that they would take place came as the Congress supported – with only a few unions dissenting – the TUC general council's statement of support for the miners, who bave now beeo on strike for over six months.

The statement calls on union members not to take fuel supplies across miners' picket lines. However, Mr Eric Hammond, of the electricians' unioo, said his members in the power stations would continue to work. "My union is not going to stop them as a result of this statement or 10,000 statements," he said. His speech was often drowned by booing.

Mr Nick Leadley, general secretary of the blastfurnacemen's union, claimed that the TUC statement meant "the destructioo of the steel industry in Britain."

Mr Len Murray, general secretary of the TUC, said the challenge to Congress was how it could belp to get "this titanic struggle" solved on a hasis satisfactory to the NUM.

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Scargill meets his match, Page 6

Citicorp role in UK broking merger

By John Moore in London

SCRIMGEOUR Kemp-Gee and Vickers da Costa (UK), two leading stockbrokers, are to merge in another important raalignment in the British securities market.

Citicorp, the largest bank in the U.S., which last November acquired a 29.9 per cent stake in Vickers da Costa and a controlling interest in Vickers' overseas husiness, is to acquire a 29.9 per cent stake in the merged broking group.

Under London Stock Exchange rules outsiders seeking to purchase stakes in stockbroking firms are restricted to a 29.9 per cent shareholding. Those rules are to be relaxed in the future, and Citicorp said yesterday it had an option to increase its interest to the extent permitted by any change in the rules.

The merger of Scrimgeour Kemp-Gee and Vickers da Costa (UK) will create a stockbroking firm with 500 staff. The oew firm is to be called Scrimgeour Vickers.

The merger, which is subject to clearance by the Council of the Stock Exchange and to other regulatory consents, is expected to be completed hy the end of 1984.

No terms were disclosed for the deal yesterday hut the three sides indicated that the consideration would be satisfied through the issue of shares and cash by Citicorp. In the market yesterday it was estimated that the deal valued Scrimgeour Kemp-Gee at about £50m ($65m). In addibon there would be a profit-linked incentive scheme offered as part of the deal.

Vickers da Costa (UK) is the London arm of the Vickers da Costa group, whicb operates in securities markets directly and through associated companies in the UK, Japan, the U.S., Hong Kong and Singapore.

In London Scrimgeour Kemp-Gee will be the dominant partner in the merged group.

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French unions stage protests against layoffs

BY PAUL BETTS IN PARIS

PRODUCTION was halted at the large Citroën car plant of Aulnay-sous-Bois near Paris and rail traffic was blocked at two railway stations in Burgundy yesterday by angry workers protesting against large-scale redundancies at Citroën and at the bankrupt Creusot-Loire heavy engineering group.

The labour unrest marked further trade union pressure against the new Socialist Government and its tough industrial policies, whicb emphasise restructuring before jobs.

Despite the beightened tension, bowever, the pro-Communist CGT labour confederation and other French union leaders are maintaining a hesitant and cautious approach to the labour conflicts at Citroën and Creusot-Loire.

Production at the Anlnay car plant was stopped yesterday by groups of protesting workers on some assemhly lines and by CGT delegates bolding discussions with workers about future labour actions.

The CGT also organised a meeting yesterday with the 1,950 workers made redundant by the private car company instead of holding a scheduled rally involving all Citroën employees. That decision seems to confirm the cautious approacb the union is adopting to the dispute, which is proving a serious credihility test for the CGT leaders as well as for the Government's resolve to contioue with its industrial restructuring policies.

After violent incidents between police forces and unioo demonstrators at Aulnay last Friday, the police presence outside the gates of the car plant was extremely discreet yesterday. The Citroën management allowed union officials to enter through the main gates, although workers continued to have to pass into the factory through special grilled cages at side gates.

The grilles – called "rat cages" by the workers – led to the violent incidents on Friday when M Akka Ghazi, the CGT delegate, refused to pass through them and was struck hy a policeman as he tried to force his way in through the main gate. Workers have to file through the special gates showing their identity papers to enter the plant.

M Bertrand Delance, national secretary of the Socialist Party, yesterday described the special cages as a "provocation" on the part of the Citroën management. The cages were not a good example of the way to conduct a social dialogue, be said.

However, the Socialist Government won the approval yesterday of M Yvoo Gattaz, president of the patrooat, the country's employers' coofederation. M Gattaz, often an outspoken critic of socialist economic policies, said the Government had shown a sense of realism in approving the Citroën redundancies.

The outcome of the labour dispute at Citroën is being keenly watched oot only because of its impact on the financially trouhled Peugeot car group, which owns Citroën, but also because the state-owned Renault car group is expected shortly to announce extensive joh cuts.

The Citroën dispute might clearly set the tone of union attitudes to the imminent Renault layoffs, which might involve as many as 15,000 workers over several years.

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Le Creusot workers say cuts spell doom

By David Housego, recently in Le Creusot

PEOPLE IN Le Creusot, the small Burgundy town that is the heart of the Creusot-Loire group's heavy engineering operations, are convinced that the announcement at the weekend that the workforce will be cut by a third spells the beginning of the end for the industry that provides their livelihood.

Workers, union and local management do oot know how to defend themselves from what they see as an undeserved fate.

"We are determined to do something," said a worker at the factory gate, contemplating the uncertainties of a prolonged strike. "But we do not know wbat would be best."

Nearly 3,000 demonstrators protesting against the proposed redundancies yesterday tried to block the higb-speed train (TGV) line that passes near the town.

Unions will be seeing officials at the Ministry of Industry today and tomorrow for discussions that will determine how tough their response should be.

Le Creusot, with a population of 32,000, is as closely ideotified today with the engineering work as it was 200 years ago when an Englishman, William Wilkinson, arrived to help set up a royal fonndry to manufacture cannons for the French army.

Since then, Le Creusot has huilt artillery for Napoleoo and for the military in the first world war. In the last century it was a big constructor of locomotives and of rail track, and in the 1920s it moved into the power equipment industry.

The engineering works bas failed more than once: it was takeo over by the Schneider family in 1836, nationalised in 1937 and denationalised two years later.

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UK purchase for Barlow Rand

BY RAY MAUGHAN IN LONDON AND JIM JONES IN JOHANNESBURG

BARLOW RAND, the largest industrial holding company in South Africa, has agreed the outline terms of a bid for J. Bibby & Sons, a leading UK animal feeds producer and one of the few big manufacturing companies still based in the centre of Liverpool.

Barlow sees the bid as a springboard for growth outside the Republic. The South African group's executive chairman, Mr Mike Rosholt, already has a seat on the Bibby board.

The precise value of the offer will not be disclosed until the end of this week, when the method of financing has been negotiated by both sides. However, it is understood that the terms will not vary substantially from Bibby's current share price of 293p, up 86½p yesterday, whicb gives a market value of £265m ($345m). Bibby, advised by N. M. Rothschild, has determined that Barlow Rand should offer a full cash alternative, although the make-up of the main offer will be dictated by South African currency controls and borrowing rates.

Bibby has been closely connected with Barlow since 1982, when the South African group took control of Bihby's largest sbareholder, Tiger Oats and National Milling, another leading South African company with extensive interests in food processing.

The link with Tiger Oats goes back 10 years to when Slater Walker Securities granted the company an option to acquire 1.9m Bihby shares, or 23 per cent of the ordinary capital, for £2.8m. Subsequent purchases that year raised Tiger Oats' stake to 29.5 per cent.

Barlow Rand's existing operations cover a broad spectrum of South Africa's economy. Tiger Oats, held through the C. G. Smith offshoot, is a key element of Barlow's dominant food division, which embraces sugar, cereals, bakeries, animal feeds, edihle oils, meat and fish products. Its mining interests are beld througb Rand Consolidated Land & Exploration, while the Nampak operation is South Africa's largest packaging business.

The group operates a loose federal structure, giving autonomy to companies in which Barlow Rand holds majority stakes. The principal is expected to be applied to the proposed Bibby acquisition when a minority of the shares will continue to trade on the London stock market. Barlow Rand's assets at the end of last September were R1.54bn ($971m) and its market value is about R1.61bn.

Bihhy is already 30 per cent-owned hy Barlow Rand, through C. G. Smith, and the board and family can count on a further 15 per cent. Recent board changes have seen the appointment in June of two Barlow Rand representatives, the retirement from day-to-day executive control of Bibby of Mr Leslie Young, the chairman, and the promotion of Mr Peter Wood as new chief executive.

The South African appointees to the Bibby board in June were Mr Rosholt and Mr Warren Clewlow, Barlow Rand's chief executive officer.

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EUROPEAN NEWS

Chernenko 'carrying out official duties'

By David Buchan

PRESIDENT Konstantin Chernenko is "carrying out" his official duties, a Soviet foreign ministry spokesman said yesterday, without specifying whether the Soviet leader, who has not been seen in public since mid-July, had returned from his holiday to the Kremlin.

Mr Vladimir Lomeiko, the Ministry spokesman, was asked at a Press briefing if the interview given by Mr Chernenko to Pravda, the Soviet party newspaper, at the weekend meant that the Soviet leader was back at work in Moscow.

Mr Lomeiko said: "The fact that Mr Chernenko gave these answers shows he is carrying out his duties."

But since these answers may have been supplied in written form, as happened several times during the late President Yuri Andropov's long illness, the interview has not stilled speculation that the Soviet leader, who will be 73 on September 24, has been unwell.

In his interview, Mr Chernenko discussed the issue of space weapons negotiations with the U.S.—one of the two pressing foreign policy problems immediately confronting the Soviet leadership—but he offered no hope that the Soviet Union would attend the mooted negotiations with the U.S. in Vienna later this month.

Mr Lomeiko yesterday confirmed this, calling bilateral talks with the U.S. "impossible" and saying that discussion of space weapons would now have to be held in the United Nations-sponsored permanent disarmament conference in Geneva.

Poland devalues zloty 8.8% against dollar

By Christopher Bobinski in Warsaw

POLAND HAS devalued the zloty, the national currency, by 8.8 per cent against the U.S. dollar in a bid to spur hard currency exports which are vital for economic recovery and for debt service payments on the country's $27bn (£20.7bn) foreign debt.

The devaloation, which follows one in March, means that the zloty will have lost 25 per cent in value against the basket of Western currencies since January.

This compares with a 17 per cent increase in consumer prices over the first seven months of the year.

The move comes as hard currency sales abroad of manufactured goods continue to disappoint planners. This is especially true of the engineering sector which had fulfilled a mere 39 per cent of its annual export target by the end of July.

Strong sales of coal and copper in the seven months, however, produced total hard-currency exports valued at $3.44bn, up by 3 per cent on the same period last year.

Imports, meanwhile, at $2.5bn, were 1 per cent up on the January-July period last year, giving Poland a $930m trade surplus to cover interest payments to Western banks.

The new rate of 123 zlotys to the dollar is still some way from the 150 zloty mark, for which exporters have been calling, if sales abroad are to rise appreciably. It is also quite out of range of the 600 zlotys to the dollar on the black market.

Reuter adds from Paris: The Paris Club of Western creditor nations will meet from September 12 to 14 to convene its task force on Polish debts and discuss a number of general issues, diplomats said yesterday.

Europe's car companies seek common data link

BY PAUL CHEESERIGHT IN BRUSSELS

EUROPEAN motor manufacturers and component suppliers have taken the crucial first steps towards establishing a common electronic communicationss system, the first industry-wide venture of its type in the European Community.

Production cost reductions of up to $500 (384) a vehicle can be achieved by the introduction of such systems, according to American estimates based on the U.S. experience.

The industries from nine countries—Belgium, France, West Germany, Italy, Netherlands, Portugal, Spain, Sweden and the UK—are working on Project Odette, the organisation for data exchange through teletransmission in Europe, it was disclosed in Brussels yesterday.

By the end of the year, a working party expects to have defined what elements from frequently-used documents could be built into computer messages using a Europe-wide code.

Ultimately paperless communication could involve quotations, orders, shipping advices and invoicing.

Mr Alan Shepherd, of the UK Society of Motor Manufacturers and Traders, and secretary of Odette, yesterday envisaged the gradual introduction of computerised communication between suppliers and manufacturers.

In the UK, a clearing house might be set up, he said, so that even the smallest supplier with basic computer equipment could be part of the wider system.

The project started on a UK initiative after it was established that a communications system solely with a domestic base made little sense in the light of the European-wide components trade.

The West German industry had also been looking at a domestic system, while one already exists in Sweden. In France and Italy, there has hitherto been little electronic exchange of information.

The industries are using United Nations guidelines on trade date interchange as the basis for their work but extending them beyondt heir concentration on the movement of goods.

Spain entry talks hit snag

BY QUENTIN PEEL IN BRUSSELS

NEGOTIATIONS to bring Spain and Portugal into the European Community were in danger of grinding to a virtual halt yesterday, after Foreign Ministers of the present EEC member-states failed to agree their own position on a range of key problems.

Controls on the surplus production of both wine and olive oil, and what constitutes an acceptable level of Portuguese sugar-can imports, were issues still unresolved as the EEC Ministers prepared to meet negotiating teams from the Spanish and Portuguese Governments.

Without any agreed EEC positions, the prospect of progress appeared minimal.

There was also little likelihood of compromise being reached on a timetable for reducing Spanish tariffs on industrial imports, and on the integration of Spanish steel producers into the EEC steel régime, according to Brussels officials.

The talks are supposed to reach some general conclusion by the end of September, and final agreement before the end of the year, in order to enable Spain and Portugal to join the Ten by January 1 1986.

France and Italy, the two largest producers of wine and olive oil in the EEC, yesterday failed to reconcile their differences on how to control surplus production in time for the latest enlargement talks.

M Roland Dumas, French Minister for European Affairs, appealed for an emergency plan to resolve the wine issue, calling for some system of quotas or ceilings on production.

Despite enjoying the support of Britain and West Germany—because it would reduce demand on the over-stretched EEC budget—such a system has been vehemently opposed by Italy.

Both Italy and Greece opposed the introduction of some limits on olive-oil production where the current EEC surplus will certainly be greatly exceeded after Spain joins the Community.

One agreement among the Ten was on the question of the number of votes which will constitute a "blocking minority" on Community decisions after enlargement.

This was put at 23 out of a total 76 votes, compared with 15 out of 63 at present. Each member-state has votes allocated according to its relative size. The Ministers also agreed on a proposal to give Portuguese migrant workers and their families access to EEC social security benefits.

Craxi warning over terrorism

BY JAMES BUXTON IN ROME

SIG BETTINO Craxi, the Italian Prime Minister, has warned that Italian terrorism, which has greatly reduced over the past two years may not have disappeared.

In a report to parliament he said that there were signs that left-wing terrorism could be revived, although perhaps in a different form to that which threatened national stability in the late 1970s and early 1980s.

The report, which covers the period from November 1983 to May 1984, points out that there are still about 300 Italian terrorists, mainly from left-wing groups, living abroad, most of them in France. Their message, which sometimes surfaces in the form of manifestos found in the streets and elsewhere in major Italian cities, may still find a response among disenchanted Italians, Sig Craxi implied.

The number of terrorist acts in Italy dropped dramatically after the spectacular failure of the Red Brigades' operation in the winter of 1981–82, involving the kidnapping of U.S. General James Lee Dozier. After several weeks in captivity the general was freed by a special police squad. Hundreds of terrorists were arrested and terrorist morale collapsed.

There has since been little terrorism in Italy with an entirely Italian motivation. There have been occasional acts inspired and carried out by groups from the Middle East.

About 2,000 Italian terrorists from the left and right are in prison. Many of these have either become penitent – collaborating with the authorities – or have at least dissociated themselves from terrorism. Many former terrorists have described their activities as misguided in press interviews and pronounced some of the marginal terrorist groups dead.

Nevertheless, the Red Brigades, the leading left-wing group, last February in Rome assassinated Mr Leamon Hunt, the U.S. director general of the Sinai multinational peace force, reviving anxieties about terrorism.

Sig Craxi, who evidently based his report on information from the security services, is anxious to dispel any complacency about the recent absence of terrorist attacks, a fact which has made life in Italy considerably more relaxed.

Portugal delays answer on Lisnave aid request

BY DIANA SMITH IN LISBON

SR MARIO SOARES' Cabinet has postponed answering the request by Lisnave, Portugal's major ship repair yard, for urgent financial help until the Finance Minister and other ministers study the yard's problems more closely.

Lisnave has asked the Government to help it to cope with serious financial problems by advancing Esc 1bn ($8.1m) this year and Esc 3bn or 4bn over the next three years in direct grants, and by allowing a moratorium on interest owed to Portuguese banks on a debt of about Esc 20bn. Lisnave's foreign debt is small, only about $8m.

Directors of the yard insist the company can be viable if help is granted quickly. The Portuguese state owns about 30 per cent of Lisnave; the rest is owned by Dutch, Swedish or Portuguese private interests.

Lisnave, once Portugal's premier invisible export earner, has been harmed by the international shipping crisis and the slump in ship repair prices since 1978.

When communist-controlled unions called the tune in the Lisbon industrial belt during the 1975 revolution, the payroll soared to 10,000 people, more than orders or cash flow could justify.

Mobil to claim over buoy

By Fay Gjester in Oslo

NORWEGIAN AND foreign insurance companies, which have provided cover for an oil loading buoy on the Anglo-Norwegian Statfjord Field, will be asked to meet "a significant part" of the estimated NKr 100m ($12m) cost of repairing cracks that have developed in the French-built buoy. That was confirmed yesterday by Mobil, operator company on Statfjord.

The claim appears to represent a new development for the offshore insurance market, since the damage to the buoy is the result of fatigue and wear, and not of an accident. Mobil believes, however, that the terms of its policy justify the claim.

Austria's 'apolitical' Finance Minister

By Patrick Blum in Vienna

DR FRANZ Vranitzky, 46, Austria's new Finance Minister, proudly asserts that he is a businessman and financier, not a politician. However, he is now at the centre of political attention, with barely a month to prepare a budget which many hope will bring a welcome turn to financial realism by the Government.

The expectations are that he will move further than his predecessor to reduce the budget deficit, which stood at Sch 65.5bn ($3.2bn) last year, and possibly alter the 7.5 per cent tax on interest on bonds and deposits introduced on January 1 this year. He is likely to want firmer action to reduce the vast losses incurred by nationalised industries, which the Government has to subsidise.

To do any of these things he will have to fight hard in the Government. This could prove difficult be-

Dr. Vranitzky: 'not a politician.'

cause he has no political base in the Socialist Party. In all likelihood he will move slowly and cautiously.

Dr Vranitzky, an amiable man regarded as a capable administrator, will bring to his office many years of experience as a banker. He also had a six-year spell as right-hand man to Dr Hannes Androsch when the latter was Finance Minister.

He joined Austria's national bank in 1961, working mainly in the economic department. In 1969 he was made adviser to the bank's first deputy president, dealing with monetary and credit policy.

In July 1976 he left the Finance Ministry to become deputy chairman of the Creditanstalt Bankverein, Austria's largest bank, a job he relinquished in February 1981 to allow Dr Androsch, who left the Finance Ministry after a quarrel with Chancellor Bruno Kreisky, to take his place.

Dr Androsch subsequently became the bank's chairman and general director. Dr Vranitzky then moved to the Österreichische Länderbank, initially as deputy chairman of the board of directors, then as chairman and general director, a position he has held until now.

At the time of his appointment at the Länderbank, the bank was going through a serious financial crisis after the collapse of two of its major industrial debtors. Dr Vranitzky supervised the bank's reorganisation and is generally thought to have done a good job.

His appointment has been welcomed in the banking community, and while he may lack party political experience, he will have the advantage of starting off with considerable support from the financial establishment.

Sinowatz picks team, Page 14

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EUROPEAN NEWS

Innovation key to beating W. Germany's recession

BY JONATHAN CARR IN FRANKFURT

How can companies succeed in a slump? Should they batten down the hatches and sit it out or go for growth, against the recession trend?

A West German bank which concentrates on financing mainly small and medium-sized industrial enterprises has tried to find an answer. Its conclusions, released today, bring some surprises.

Industriekreditbank-Deutsche Industriebank (IKB—Düsseldorf/Berlin) looked into the performance of 551 of its customer companies during the 1980-end 1982 recession.

To prodnce a fair cross-section, IKB made its choice from three fairly buoyant sectors—mechanical engineering, electrical engineering and plastics processing—and from three notably vulnerable ones—wood processing, stone-working and foundry manufacturing.

Of that total, IKB found that 142 companies—or about 25 per cent—could be classed as successful in that, against the recession trend, they had at least maintained their level of output while achieving cash flow and earnings performances clearly above the average for their branch.

Only 34 companies from the 551 examined had payments problems during the three recession years.

IKB deduces that, despite frequent Cassandre-type cries to the contrary, the fabric of medium-sized industry in West Germany remains sound enough to cope with crises.

That alone is a point worth underlining in an economy where companies with between 100 and 1,000 employees account for more than 40 per cent of the total labour force.

Not all the successful companies achieved their results the same way.

IKB identifies two broad groups—one with an "offensive strategy," sharply boosting sales and usually gaining a bigger market share, one with a "defensive strategy," hardly raising output but concentrating on profitability.

Both courses, it should be stressed, hrought above branch average results — nonetheless there were more than twice as many "expansive" as "defensive" companies among the "recession winners."

> **‘Despite frequent Cassandra-type cries to the contrary, the fabric of medium-sized industry in West Germany remains sound enough to cope with crises’**

Moreover, the companies which "went or growth" also raised earnings faster than their more cautious competitors.

The "expansive" companies increased average sales revenue from DM 38.3m (£9.7m) in 1980 to DM 47.2m in 1982, while boosting their profits as a percentage of the balance sheet total from 10.7 per cent to 17.1 per cent.

The "defensive" companies pushed up sales revenue in the same period from DM 35.8m to only DM 36m, while boosting their profits yield from 13.2 per cent to just 14.5 per cent.

The IKB study also shows that the success formula in recession does not automatically lie either with sharply cutting back the labour force or by cbopping back the number of products on offer to save costs.

In all the industrial sectors examined, the level of employment in IKB'a "success list" stayed well above the hranch average—indeed every second successful company took on more staff during the recession years.

Perhaps more striking is that more than 80 per cent of the successful companies extended their product range during the slump. Only seven compaoies actually cut hack the number of their products—four of them from the "defensive strategy" group.

IKB itself says it was greatly surprised by the answers it received about product range.

It warns that merely to bring out more products to try to "diversify out of a slump" is in itself no receipe for success.

But its further questioning revealed that of the many companies which increased their product range, more than half had brought out goods which were not just new for the company but new for the market.

In other words, IKB notes, virtually every second successful company had reacted to the recession with real innovation.

This point appears to go very mucb to the heart of the matter. The IKB study underlines other key advantages of the successful companies—among them a relatively high level of own capital to borrowed funds, and a markedly lower level of stocks.

But when IKB asked the companies themselves to explain why they were doing, relatively speaking, so well, innovation was the factor most often mentioned.

New products generally meant companies could push through prices on the market wbich allowed higher profits (and lower personnel costs as a percentage of sales).

IKB underlines that amid the intense discussion now going on about new technology in West Germany, the crucial importance of marketing must not be forgotten.

OVERSEAS NEWS

Marcos reacts to tax outcry

By Emilia Tagaza in Manila

THE PHILIPPINE Government is to end tax exemption privileges of all government-owned and controlled corporations in order to support the pesos 67.3bn ($3.7bo) national budget for 1985.

The revenue-raising move was adopted after earlier attempts at raising public taxes met unpopular response from Filippinos. President Ferdinand Marcos recently issued a decree putting additional taxes on vehicle registratio and foreign travel, but this prompted an immediate public outcry.

The budget is lower in real terms than the 1984 budgets of pesos 59.5bn, considering inflation an dthe two peso devaluations last year. Tbe Philippioe Government is committed to reduce budget spending and deficits, in line with the conditions of the International Monetary Fund (IMF), with whicb the government bas been conducting negotiations over 10 months for an SDR 615m standby credit.

Mr Cesar Virata, the Prime Minister and Finance Minister, said the lifting of government corporation tax privileges would raise about pesos 2bn in additional revenues.

Military reshuffle for Thailand

BANGKOK—Thailand's annual military shake-up, regarded as an important indicator of political trends, was announced yesterday with supporters of General Arthit Kamlang-Ek, the powerful armed forces chief, gaining key positions.

Gen Arthit has emerged as one of the most influential military and political figures in Thailand and is thought to be a possible successor to Prime Minister Prem Tinsulanonda. AP

Nailbiting end to Hong Kong talks

David Dodwell reports on the problems to be resolved before China and Britain reach agreement

OUTSTANDING differences between Britain and China on the fate of Hong Kong when it passes back into Chinese hands in 1997 are expected to produce a nail-hiting finish to secret Sino-British negotiations that have been in progress in Peking for the past 14 months.

Both sides have suggested that an agreement is almost certain to he signed in the last week of this month, perhaps on September 25. But so much ground remains to be covered that one official noted yesterday: "I have to pinch myself when I think it is already September, and that in talking terms we have hardly more than two weeks left."

The anthorities in Peking have tended to talk of just three issues still unresolved—land rights and land sales policy, the rights of Hong Kong people holding British depeodent territory passports, and aircraft landing rights at Hong Kong's Kai Tak airport. To this list, British negotiators add a fourth issue—that of the shape of Hong Kong's political structure after 1997.

In recent days, Chinese Government leaks picked up by Peking-linked newspapers in Hong Kong have suggested that with the exception of the issue of aircraft landing rights, outstanding differences have been settled. Signals from British negotiators differ sharply, however. They say real difficulties remain, and auggest that Chinese comments are aimed at forcing Britain'a hand as negotiating time runs out.

The unresolved issues involve:

● Land rigbts: This issne splits into two areas. The first, largely resolved, hinges on guarantees over the rights to land ownership of families living in the villages in Hong Kong's New Territories. The secood unresolved problem hinges on the fact that in recent years, the Hong Kong Government bas earned a substantial share of its income by selling land leases in the territory.

On Hong Koog Island and in Kowloon—given to Britain "in perpetuity" under two treaties in the mid-19th century—these leases hsve been for anything between 75 years and 999 years. In the New Territories, controlled by Britain under a lease which expires on June 30, 1997, they last up to 13 years.

China is concerned that if it agrees to honour leasea stretching beyond 1997, then the present Hong Kong administration will set about selling as many new leases as it can between now and 1997, pocketing the premium income, and leaving the incoming Chinese Special Autonomous Region (SAR) Government with no land bank, and only a fraction of oresent land sale income.

Fears have been aggravated by the fact that British negotiators have been pressing for a continuation of current practice whereby a premium is paid nn the initial sale of a lease, hut not oo lease renewals. The logic here bas always been that the premium covers payment for land formation and the nrovision of infrastructure. The Government has enhanced income on renewal of leases by raising ground rent.

As negotiators edge their way towards a settlement, it seems likely that Britain will agree to a land commission being set up under mainland Chinese control to act as protector of the rights of the as-yet unborn SAR. It will take an as yet unagreed share of the nroceeds of land sales on the SAR's behalf, to be saved, or spent on nrojects in Hong Kong of which China approves.

● Nationality: British demands that holders of British dependent territory passports should be allowed dual nationality have got nowbere. This is because of China's sensitivity over the recovery of sovereignty, and its belief in the idea of "jus sanguinus" wbereby anyone of Chinese descent is a Chinese national.

There are about 3m Hong Kong Chinese who are entitled to hold such Britisb passports. Many people in the territory feel their value has been debased since the UK Nationality Act was passed—they give no right to live in the UK, for example.

But many more are alarmed at the prospect of having to exchange them for Chinese SAR passports—if only because of the extra visas they would need for travel abroad, and the problem of travelling in countries that bave no diplomatic relations with China—like Taiwan, South Korea, Indonesia, Malaysia and Singapore.

One observer noted: "The Chinese are willing to let people hold British passports, but insist tbey are Chinese citizens anyway. They seem intent on obstructing any proposals put forward abont the rights that a person might have as a result of holding a British dependent territories passport." At present, British negotiators are hoping for nothing better than that each side will declare its position, leaving the two to be published side by side in the agreement.

● Aircraft landing rights: This issue is technically perhaps the most complex of all those before the negotiating teams. Britain'a negotiating position is weak because it is only recently that an overtly colonial control bas been relaxed to allow Hong Kong to negotiate air agreements autonomously.

China's position bas become entrenched because its national airline, normally called CAAC, is also the country's Department of Civil Aviation. Wearing its airline hat, it bas seen the return of Hong Kong to Chinese sovereignty as a unique opportunity for self-aggrandisement. Wearing its civil aviation hat, it has blocked proposals for Hong Kong to retain autononomus control of the rights of airlines to fly into and out of the territory.

Britain's fears are many. Cathay Pacific Airways, which employs more than 6,000 people, most of them in Hong Kong, is the territory's flag carrier even though it is owned hy Britain's Swire Group. After a decade of remarkable growth from its home airport in Hong Kong, a transfer of aircraft landing rights to Peking would almost certainly be a death sentence.

Along with Cathay Pacific, Hong Kong's thriving hotel and tourism industries would suffer incalculable damage. As it became "just another Chinese airport," with CAAC perhaps shifting landing rights to nearby Canton, its importance as an international centre of communications would decline, and this would in turn affect its importance as a world financial centre.

The British negotiating team's main hope is that Cathay Pacific is a very "visible" enterprise in Hong Kong, and that China would therefore not dare to sign its dcath warrant for fear that this would trigger alarm in other sectors of the economy. China is committed to maintaining the atatus quo in Hong Kong for 50 years after 1997, and such a move would clearly contradict such a commitment.

● Political structure: China has carefully distanced itself from the political reforms currently being debated in Hong Kong in the spape of a green paper. It has signalled on several occaaions tbat it will not allow its hands to be tied in 1997 so that it bas to accept a civil service or political institutions with a primary loyalty to Britain.

It is nevertheless committed to "Hong Kong people ruling Hong Hong," and knows that the credibility of its promise to leave things In Hong Kong as they are would be undermined if it altered too much. British

MR CONSTANTINE MITSOTAKIS

The Tall Man tipped to give Greek PM run for his money

BY ANDRIANA IERODIACONOU IN ATHENS

MR CONSTANTINE MITSOTAKIS, 66, was elected leader of the conservative New Democracy Party on Saturday, is a pobtician of the old patriarchal school.

As Minister of Economic Coordination and subsequently Foreign Affairs between 1978 and 1981, be created something of a personal fiefdom in his home district of Chania in Crete, an island where political passions are as fiery as the local alcohol.

In his plush-carpeted office in central Athens, young men in soft-soled Italian shoes are wont to appear with a lighter at the ready, when be reaches for a cigarette.

Mr Mitsotakis is, literally, widely looked up to—he has been nicknamed the Tall One because of his six-foot, befty-shouldered physique, distinctive by Greek stsndards.

In keeping with this Godfather-like image, Mr Mitsotakis's political career, which began when he was first elected to parliament in 1946, has been a controversial one.

Immediately after being elected party leader last weekend, he faced questions on nationwide Greek radio about his defection in 1965 with a group of parliament Deputies from the centrist Government of Mr George Papandreou.

This ia still a live issue in Greece, because the formation of the right-wing splinter Government that followed, sparked off a chain of events which eventually led to the Colonels' coup in 1967.

Mr Mitsotakis can also count on it being kept alive by his main political opponent, Dr Andreas Papandreou, the Prime Minister, who has already publicly denounced Mr Mitsotakis for his 1965 defection.

Mr Constantine Mitsotakis

This is an accusation which the new conservative Opposition leader will have to contend with.

He is expected to fight back by citing bis democratic record — be was imprisoned for resisting the Nazis, and later fled during the time of the Greek junta.

Despite any disadvantage, Mr Mitsotakis is widely seen as the man most likely to give Dr Papandreou a run for bla money in the next Greek general elections, to be held in October 1985 at the latest.

His election by party Deputies with an overwbelming majority of 70 out of 111 votes, is believed to place him in a good position to preserve party unity while giving New Democracy the sort of political push it needs if it is to attract its fading following.

Mr Mitsotakis is expected to improve the grass roots organisation, in whicb the conservatives lag far behind the Socialists, and also to put together a party programme both fresh and exciting.

So far, the new opposition leader has been restrained in his statements as to the party's future course, saying only that he is committed to private enterprise and to a foreign policy less ambivalent than the East-West tightrope act being followed by Dr Papandreou.

But perhaps most important, Mr Mitsotakis' election gives New Democracy the sort of vlvid leader it bas badly lacked since the departure of its founder, Mr Constantine Karamanlis, to become President of Greece, in 1980.

This leadership vacuum was a major reason for the Conservatives' crushing defeat at the hands of the Socialists in general elections in October 1981.

The personality factor is also believed to have infinenced many New Democracy deputies' cboice of Mr Mitsotakis over bis only rival for the leadership, Mr Constantine Stepbanopoulos —a man of equally solid political credentials bnt of a more retiring disposition.

Mr Stephanopoulos had been widely tipped as the favourite by foreign embassies here. But diplomats noted after the voting that Mr Mitsotakis, an English, French and German speaker, bas considerable contacts in Western capitals from his days as Foreign Minister.

Finnish budget policy 'will have to stay restrictive'

BY LANCE KEYWORTH IN HELSINKI

FINLAND'S Prime Minister, Mr Kalevi Sorsa, has unveiled a 1985 budget wbich assumes a similar 4 per cent growth in Gross Domestic Product to that anticipated this year.

The draft budget, agreed by the four-party centre-left coalition, also foreshadows a 3 per cent rise in real incomes next year and reductions by 1 percentage point to 5 per cent in inflation and by 1 point to around 5 per cent in unemployment.

Mr Sorsa said the budget, to be submitted to parliament on September 18, continued the economic policy that had "made the Finnish economy one of the best functioning and best balanced in Europe."

He warned, however, that the thrust of policy had to remain restrictive, in order to accumulate resources in readiness for the downturn he expected in 1986.

Norway warns banks on lending surge

By Fay Gjester in Oslo

IF TECHNICAL measures to curb this year's steep rise in Norweglan bank lending do not soon show results, the Finance Ministry may again have to resort to direct regulation, Mr Rolf Presthus, the Finance Minister, warned yesterday.

The Minister's warning came after a weekend increase in primary reserve requirements for South Norwegian banks by 3 percentage points to 10 per cent—the third time this year that the requirement has been raised.

At the same time, the Government has told the Bank of Norway to charge more for short-term funds in its money market operations, in order to make hank borrowing more costly.

The Central Bank must henceforth keep rates in the 13-13.5 per cent range, compared with 12.5-13 per cent previously.

The banks will not be allowed to offset thia by increasing their interest chargea to customers. Rates on the unregulated, so-called "grey" credit market are, however, likely to rise.

OVERSEAS NEWS

Police and Tamil deaths spark fresh tension

By Mervyn de Silva in Colombo

TENSION has returned to Sri Lanka's Tamil northern province and its capital Jaffns after a 10-dsy lull in the fighting between sepsratist Tamil rebels and the army.

Four officers died on Saturday when a land mine hit a police convoy and there were reports on Sunday night thst st least 10 Tamil civilisns had been killed. Mr A. Amirthalingham, lesder of the Tamil United Liberation Front (Tulf), placed the number of dead st 18, sccused the police of their deaths.

The Government announced yesterdsy that it is awaiting a report from Mr R. Rajasinghem, Inspector General of police, who is now in Point Pedro where the incident took place.

Mr Lalith Athulathmudali, National Security Minister, said the inquiry would also include other incidents such as the burning of a state retail shop, a school library and laboratory. "If the police are involved, stern action will be taken," he said, adding that 36 soldiers have been confined to barracks after an srmy unit went on rampage in Moslem-dominated Mannar, where five people were killed and 125 shops destroyed.

Discipline in the services is worrying the Government, which expects a rebel offensive soon. "The August offensive failed and they will take another two or three months to field well-trained fighters," the Minister said. He claimed the army had killed 40 of their best trained men.

Training of a new paramilitary force is being stepped up at a special camp at Katukurunda in the south where British ex-military personnel are instructing police commandos. Observers in Colombo say these commandos have become a special target of the Tamil rebels.

In his first press interview, Mr David Matnai, head of the Israeli interests section in the U.S. embassy said Israeli officers are not involved in training Sri Lankan soldiers. Refusing to comment on other forms of Israeli assistance in the field of security, be said: "We are not a front for the CIA," a charge levelled in the Indian Parliament and by the Sri Lankan Opposition.

Bank of Israel proposes drastic austerity programme

BY DAVID LENNON IN TEL AVIV

A COMPREHENSIVE economic programme designed to reduce drastically Israel's inflation rate, cut the deficit on the bslance of payments and renew economic growth has been presented to the Government by the Bank of Israel.

Dr Moshe Mandelbanm, the governor of the Central Baok, has proposed an austerity programme which, it is expected, will only be given serious consideration when a new government is formed.

The programme, to be implemented in three stages, calls for restricing the amount of money the Government can print to 20bn shekels (£49m) s month, about one-sixth of the amount injected into the economy last month alone.

The plan envisages salaries being eroded by sbout 10 per cent, to the 1982 level, and subsidies on basic commodities being reduced radically. This would be the workers' contribution to economic recovery, according to Dr Mandelbaum.

Under the plan, the government would freeze taxes and cut the budget by at least $1bn. Bank credits to the public would also have to be reduced to restrict economic activity.

At the same time, the government should raise money by encouraging savings, selling off stste land aod borrowing from the U.S. to improve the reserves, which fell by 30 per cent over the past few months.

Most Israeli economists have been pushing for such s programme for the past few years, in spite of the fact that it will create unemployment.

But officials in the Treasury yesterday criticised the Bank of Israel programme, ssying that it was urgent to implement a one stage plan to halt the deterioration in the economy, rather than staggering it over three stages, as proposed by the central bank.

● A senior Treasury official said yesterday that the entire $360m settlement budget for this fiscal year bad already been spent within the first five months. Continued building has led to a massive overspending of the budget, he said.

Gemayel flies to Syria for talks with Assad

BEIRUT — President Amin Gemayel held summit talks in Damascus yesterday with Syrian President Hafez al Assad on ways of reviving the deadlocked security process to end Lebanon's civil war.

Mr Gemayel left by air for the Syrian capital without any public announcement and went straight into conference at the Mohajereen Presidential palace. It was his third visit since he turned to Syris for help to end the nine-year civil war after the collapse of the U.S. peacekeeping effort last February.

A Syrian-backed security plan to defuse Lebanese tensions and create a calm climate for political negotiations on dividing power equally between Christians and Moslems has been stalled for about nine weeks by disputes among the principal warlords.

Lebanon's national coalition government, formed with Syria's blessing, has reopened all crossings between the Moslem and Christian sectors as well as the city's port and airport.

Progressive Socialist Party (PSP) radio said Druze chieftain Walid Jumblatt went to Damascus on Sunday night for talkes on Lebanese security and political issues with Syrian Vice President Abdel-Halim Khaddam. He returned to Beirut yesterday morning.

As the Damascus summit was nnder way, reports from Baalbek said Syrian tanks bad surrounded the city in East Lebanon's Bekaa Valley after overnight street clasbes with pro-Iranian Shiite Moslem militiamen.

The battles erupted when a Shiite tried to drvie the wrong way on a one-way street and was stopped by a Syrian military police checkpoint. One Syprian soldier was wounded in the fighting.

Agencies.

Richard Johns on Gadaffi's attempts to bring Libya out of exile

The visionary on a small stage

THE WORLD would be a duller, if safer, place without Colonel Muammer Gaddafi. Even in the convoluted world of pan-Arab politics, there could not have been a greater apparent contradiction than his agreement with King Hassan on a form of confederation between Libya and Morocco.

Col Gaddafi, it will be recalled, gave vitriolic verbal support to and may have assisted in two bloody coup attempts against the monarch in 1971 aod 1972. The pro-Western King who has gone further than any Arab leader to accepting Israel's existence, should be anathema to a revolutionary leader unrelentingly antagonistic to the U.S. and the Jewish state since he seized power 15 years ago.

The union will probably prove no more durable than previoos attempts in the past with Egypt, Syria, Sudan and Tunisia. The short-term tactical benefits to Col Gaddafi are miniscule. The most immediste perhaps are a boost to prestige at home and an emergence from the isolation that became stark in April with the killing of a British policewoman in London by a member of the Libyan diplomatic mission there.

The agreement with King Hassan would also be seen by the Libyan leader as a means to two related ends which he has consistently pursued—the promotion of Arab unity and the extension of his influence beyond the narrow confines of Libya, a stage too small and under-populated for his nationalist and personal ambitions.

He would probably consider the experiment justified even if it served only to loosen Morocco's ties with the West, to undermine King Hassan's traditional authority and to weaken the position of the U.S. in the regioo. In general, Col Gaddafi is in favour of anytbing which destabilises the region to his advantsge. Libya has denied laying the mines which have damaged ships in the Red Sea but much circumstantial evidence suggests that it did so in a fit of pique after a delegation from Tripoli had been rebuffed early in July by the Egyptian Government.

There is a consistency behind Col Gaddafi's seeming irrationality and bewildering switches of direction. Still only 42 years old, he believes that be has time on his side as he strives to speed up political and social change throughout the Arab world. Born in a tent near Sebha he remains a desert visionary, who as a pupil was inspired by President Gamal Abdel Nasser's broadcasts and started plotting with his school friends before enlisting in the army.

Yet while his ambition to take upon himself the mantle of leadership once worn by the Egyptian Colossus remains undiminished, the evolution and application of his own political theory in Libya have taken an eccentric course. Other Arab states look on with amusement and amazement, but not without unease.

In the Libyan "Jamahiriya," or "state of the masses" declared in 1977, Islamic socialism and a carefully manipulated direct "direct democracy" based on local popular committees have dooe little to galvanise the people into selfless activity for the common good. Profit and property ownership have not been eliminated as Col Gadaffi intends, ond state control of trade—extended earlier this year to barbers' shops and patisseries—has led to a large measure of dislocation and, it must be assumed, discontent.

There can be no doubt of his determination to diversify the economy and in particular give the country self-sufficiency in foodstuffs through exploitation of its abundant water resources from aquifiers beneath the desert. But after 15 years of his rule Libya remains desperately dependent on its oil revenue, which has been cut by over a half in the past three years causing unaccustomed austerity.

"Through the inspiration of Muammer Gadaffi and the will of the people, tha desert shall be transformed into a green paradise," proclaimed a slogsn in gold lettering at the dedication of the "Great Man-Made River Project" last week. Widespread acceptance of the personality cult which he has increasingly promoted suggests a symbiotic relationship with a segment of Libya's population of 3m or so, mainly those who have grown up under and benefited from his regime.

Equally, many people were profoundly disgusted by the public, televised hanging during the holy week of Ramadan of dissidents summarily tried and executed in connection with the attempted attack on Colonel Gadaffi's headquarters in a baracks in Tripoli last May.

It is very doubtful whelher Colonel Gadaffi could transform Libya as he wants in two decades, let alone create a political system applicable to any other Arab society. Meanwhile, his obsession with those Libyans who have chosen to oppose his regime in exile and his campaign to eliminate them smacks of paranoia. But with his ego unbruised by setbacks and hostility, Col Gadaffi is unlikely to be deterred from his mission.

Japan halts Gulf engine exports

By Yoko Shibata in Tokyo

JAPAN'S four outboard engine makers, Yamaha Motors, Hooda Molors, Suzuki Motors and Tobatsu, have voluntarily suspended exports of outboard engines to Iran and Iraq on the advice of the Ministry of International Trade and Iindustry.

The move is in response to rising concern that Japanese-made outboard engines could be used for boat bombs for attacking tankers and military vessels in the Ian-Iraq war.

PLO reconciliation ruled out

BY RICHARD JOHNS IN TRIPOLI

THE CHANCE of a reconciliation between the bitterly divided factions of Al Fatah, the mainstream body of the Palestine Liberation Organisation (PLO), was dismissed out of hand in an interview here by Col Saeed Musa, leader of the dissidents opposing Mr Yassir Arafat, the PLO chairman.

Commenting on reports of mediation by Algeria and South Yemen Col Musa — generally known as Abu Musa — described them as "propaganda, not fact." He also ruled out the possibility of a September meeting of the Palestine National Council, the ultimate authority of the Palestinian movement, being held in Algiers.

According to Col Musa, President Chadil Benjedid of Algeria bad assured President Harfez al Assad of Syria and Col Muammer Gaddafi, the Libyan leader, in his talks with them last month that the planned PNC meeting would not take place in his capital unless the rift within Al Fatah was mended.

He quoted Mr Abdel Halim Khaddam, one of Syria's vice presidents, and Major Abdul Salam Jallond, Col Gaddafi's right hand man, respectively, as the sources of his information.

If the PNC meeting was to be convened by Mr Arafat the likely venue would be North Yemen, according to Col Musa.

Crocker to discuss human rights with Obote

KAMPALA — Mr Chester Crocker, U.S. assistant secretary of state for African affairs, arrived in Uganda yesterday for tolks with President Milton Obote and an opposition leader who has accused the Ugandan Government of widespread atrocities.

The U.S. embassy said it was fair to assume that human rights would be discussed by Mr Crocker, Mr Obote and Mr Paul Ssemogerere, leader of the opposition Democratic Party.

Mr Crocker's surprise visit to Kampala, at the end of a trip through Southern Africa, followed U.S. State Department allegations that "the human rights situation in Uganda has deteriorated alarmingly" over the past year.

Mr Elliott Abrams, Assistant Secretary of State for human rights and humanitarian affairs, made the allegations in testimony before a Congressional committe on August 9 and in interviews with the news media.

He told the committee, "In recent months repeated reports of large-scale civilian massacres, forced starvation and impeded humanitarian relief operations indicate that Uganda has one of the most serious human rights problems in the world today."

He alleged thot the violence was increasing despite U.S. appeals to curb attacks on civilians in the army's operations against insurgents. About 200,000 people are estimated to have been killed over the past four years.

AP

Lagos student leaders arrested

TEN student leaders of the banned National Association of Nigerian Students (Nans) are being held in the northern Nigerian university town of Zaria, according to newspaper reports, Reuter reports from Lagos.

It said the students, four of them women, were arrested on Friday when riot police stormed a Nans conference which the police said was illegal.

The Nigerian military authorities who seized power from the civilian government last December proscribed Nans earlier this year.

AMERICAN NEWS

General strike challenge for Alfonsin

By Jimmy Burns in Buenos Aires

ARGENTINA'S nine-month-old radical Government yesterday faced one of its most serious political challenges since taking power. The country's powerful trade union movement beld a 24-bour general strike—the first to be called by the Peronist-controlled General Confederation of Labour (CGT) since the end of military rule.

The powerful campaign on state TV and radio aimed at discrediting the strike as an "aggression against democracy" failed tao prevent mass walk-outs, in factories surrounding the capital and the industrial northern city of Cordoba. The bulk of the workforce in the docks, airports and railways also heeded the strike call and even journalists on the state-run radio stations continuslly interrupted news programmes in solidarity with their union.

Howevr, tha "day of action" was not as successful as general strikes held during the days of the military regime. In Buenos Aires, where over half of the country's population of 30m lives and works, commercial life in the city centre retained an air of normality. Privately-owned bus services, sectors of the Metro, and many taxis ran skeleton services, banks, shops and most restaurants remained open.

The activity partly reflected the palliative of a recent Government decree which restricts redundancies in the banking sector but more important the continuing popularity of President Raul Alfonsin among the country's middle classes and some sectors of labour.

Nevertheless the impact of yesterday's strike on key areas of industry bas once again underlined the considerable difficulties the Government has in reconciline an effective incomes policy with the demands pot on it by the international banking community for grester austerity.

A CGT call for a U-turn in economic policy has been msde against the background of ongoing negotiations between the Government and the International Monetary Fund on an economic stabilisation programme. According to some reports, the talks have been making substantial progress and a basic aereement could be concluded over the next three weeks.

Reagan promises peace from behind California's Orange Curtain

BY REGINALD DALE IN ORANGE COUNTY, CALIFORNIA, AND PAUL TAYLOR IN NEW YORK

PRESIDENT Ronald Reagan went behind Southern California's "Orange Curtain" yesterday to fire the opening shots in a campaign for re-election to the White House that he is heavily favoured to win.

Returning to his adopted Californian roots, he launched a populist appeal to the nation's voters by attacking the Federal Government—"those puzzle palaces on the Potomac"—and appealing to Democrats to join his banner.

"Our jeb's not done . . . bnt we've made a pretty good "start," Mr Reagan teld a "National Campaign kick-off rally" attended by 30,000 avid supporters.

The Democratic underdog, Mr Walter Mondale, chose te nail his colours to the trade union mast, marching in a Labor Day parade down New York's Fifth Avenue, a continent's breadth away. It was the start ef a barnstorming, cross-country electieneering day, which Mr Mondale was also dne to conclnde in California last night.

Mr Mondals and his running mate Ms Geraldine Ferraro marched up Fifth Avenue with Mr Mario Cuomo, New York State's Governor, at the head of a 250,000-strong parade of trade unionists, many carrying the tools of their trade and sporting Mondale election badges and banners.

The Democratic team, clearly hoping that Labour Day will mark the relaunching of a political campaign which has been dogged in recent weeks by revelations about Ms Ferraro's family finances, left the parade early to join a smaller rally in Merrill, Wisconsin before flying on to Long Beach, California.

Mr Reagan chose peace, patriotism and prosperity as the foundation of his campaign. "Ours is the most peaceful, least warlike nation in modern history," he said.

The Republicans, he said, were going to use "this national campaign to build a fire of hope that links all of America together."

Mr Reagan chose conservative Orange County—the bome of Disneyland and the birthplace of former President Richard Nixon—as his symbolic campaign launching pad.

Orange County, from which Mr Reagan has successfully launched past political campaigns, is not ashamed of its conservative reputation—although its promoters angrily deny that it is "an endless suburbia with factories." The local airport is named after John Wayne, the ultimate Reaganite hero, who used to spend time of a converted minesweeper at the spectacular local beach.

Roughly halfway between Los Angeles and San Diego, it is a place to which people tired of city life are reputed to retreat—to surround themselves with the locally renowned "Orange Curtain," as if with a security blanket. In some local developments, you have to be over 52 years old to buy an apartment.

The county is trying to be a second "Silicon Valley," in imitation of its northern California rival. The industries here are orientated towards science and high-technology, although the most booming business is probably real estate. Almost 90 per cent of the population is white, despite a recent Hispanic influx.

The county, it is correctly said, has no metropolitan heart. But that did not deter hundreds of young Reagan supporters from travelling several hundred miles from north California to start blowing up red, white and blue balloons at 4.30 am yesterday.

Progress on Belize proposals

By Hugh O'Shaughnessy

SUBSTANTIAL progress has been made on the problem of Guatemala's claim to Belize, according to senior diplomats involved in the negotiations.

A new round of talks involving British, Belizean and Guatemalan representatives is expected to be convened shortly to pursue topics raised at the July meeting of the three countries which was held in New York.

Under a plan tabled at the July meeting, Belize would fix its maritime frontier in the Gulf of Honduras, near the boundary with Guatemala, in such a way as to allow the Guatemalans unrestricted access to the Caribbean Sea from their ports to Puerto Barrios, Santo Tomás da Castilla and Livingston.

One of the principal worries of Guatemalan negotiators in the past has been that Guatemalan access to the Caribbean might be sealed off by Honduran and Belizean waters.

Under the present proposals Belize would refrain from claiming the territorial limits to which it might formally be entitled. At the same time Belize would nnt relinquish control over any land area either on the mainland or among the offshore cays.

In Guatemala City the three principal political parties, the Christian Democrats, the right of centre UCN or Netional Union of the Centre and tha right wing extremist MLN or National Liberation Movement have all indicated that they fovour some relaxation of the claim ensbrined in the current Gautemalan constitution for sovereignty over the whole of Belize.

The three parties who won the highest share of the votes in the elections for a constituent assembly in the July 1 elections are charged to writing a new constitution for Guatemala for elections due to be held next year.

Tim Coone in Managua assesses the Sandinistas' policy of strengthening their air force

War of words over Nicaragua's Achilles heel

THE RECENT announcement that Nicaragua is building s new military airport near the capital came as no real surprise. Nicaraguan Government leaders bave for some time admitted that jet pilots are being trained abroad (in Bulgaria according to the U.S.) and that Nicaragus intended chtaining modern jet fighters. Whst was interesting, however, was the timing of the announcement.

For simultaneously, the fourth round of talks between Nicsragua and the U.S. was concluding in Manzanillo, Mexico, at which "some progress" had been reported, although both sides are still remaining tight-lipped sbout the content of the conversations.

However, a foreign diplomat in Managua with knowledge of the talks says that the military batance in the region is a key factor in the discussions and that the blocksge to progress lies more with the U.S. thsn witb the Nicaraguans. The U.S. for its part has repestedly voiced its concern about the size of Nicaragua's armed forces and its development of facilities like the new airfield which could be used by the Soviets and the Cubans.

Nicaragua has reiterated on numerous occasions that it is willing to withdraw all its foreign militsry sdvisers (mostly Cubans serving as advisers to the new irregular combat battalions in the mountains and as technical advisers) and to negotiate a regional srms control agreement, in return for a complete withdrawal of all foreign military advisers from Central America. This would include of course all the U.S. advisers in El Salvador and around 1,000 U.S. troops in Honduras.

The U.S. will not sign any bilateral agreements with the Nicaraguan government according to Mr Harry Schlaudeman, president Reagan's roving ambassador to central America, Tim Coone writes from Tegucigalpa.

Mr Schlaudeman arrived in Honduras last Friday for a meeting with the Honduran foreign minister, Sr Paz Barnica, to discuss the results of tha fourth round of bilateral talks between the U.S. and Nicaragua, held last month in Manzanillo, Mexico.

Mr Schlaudeman refrained from commenting poblicly on the contents of the Manzanillo talks but said that "the aim of the bilateral talks is to support and strengthen the Contadora process, and not to arrive at a bilateral agreement."

The Honduran Government is thought to have expressed concern to the U.S. over the U.S.-Nicaraguan talks, especially as a series of military pacts between Honduras and the U.S. are presently under renegotiations, and Honduras is considering a U.S. request to establish a permanent military training centre on Honduran territory.

The U.S. ambassador in Honduras, Mr John Negroponte, called last week for the establishment of a "permanent" military training school in Honduras for which the U.S. Congress has recently earmarked $18.5m in funds.

A military training school was establisbed in 1982 in northern Honduras, primarily to train Salvadorean infantry battalions, but with the U.S.-run "school of the Americas" in Panama to be closed down later this year on the insistence of the Panamanian government, Honduras is now being considered as an alternative location.

So the public announcement by Nicaragua of its new military airbase capable of handling "MiGs, Mirages or Czech L39s" according to the head of the Nicaraguan Airforce, Commander Paul Venerio, is being interpreted in some quarters in Managua as being linked to the secret bargaining taking place at Manzanillo.

The U.S. reaction to the announcement has been to reiterate that purchase of modern jet aircraft by Nicaragua would represent "a serious threat to the region." Nicaragua argues that such jets are essential for its defence and that the Government has a "morl obligation" to defend the country.

A U.S. invasion fear is fanned by belligerent ststements coming ont of Washington, by ongoing U.S. military manoeuvres in Honduras and the regular appearance of U.S. naval fleets of aircraft carriers and battleships cruising along Nicaragua's coastlines.

The MiGs being sought by Nicaragua are not thought to be any more advanced than MiG 19s, and the inscrutable French Managua are saying that they "bsve no knowledge of any discussions over purchases of Mirages." The Czech L39 is a subsonic jet trainer.

Without a doubt, Nicaragua now bas the most powerful army in central America, has the highest morale, and as a result of the U.S.-backed guerrilla war in the country, probably has the most combat experience.

According to western intelligence sources, Nicaragua passesses aronud 100 T-55 tanks, 24 BM21 multiple rocket launchers, 24 152 MM howitzers, 244 122 MM bowitzers, approximately 100 armoured personnel carriers of various types, numerous anti-aircraft guns and "more than -00" Sam 7 hand-held anti-aircraft missiles.

However, the achilles heel of Nicaragua defences is the air force. It possesses three aging T-3 jets of Korean war vintage, half a dozen light counter-insurgency aircraft and 12 MI-8 Soviet helicopters which are used for transport and ground support, as well as several light French helicopters which were bought in 1982.

Against this, Hooduras has 13 re-engined super Mystère jets, 11 A37 jets, and 10 super Sabre jets which have the capability to deal a crippling blow to the Nicaraguan economy in ona airstrike.

From the Nicaraguan viewpoint, the ability to mount a retaliatory airstrike would provide a powerful deterrent to Honduras.

According to an intelligence source of a major western power: "We are expecting that Nicaragua will get about two squadrons of jets, or 24 aircraft. But that wouldn't stop an invasion—they would be sbot out of sky in minutes unless they had a hundred or so. If the U.S. were to invade, the airports would be the first target."

The new military runway at Punta Huete is presently 2,000 metres long and when complete will be almost double this length. Nicaragua already bas two airports capable of handling MiGs—the international airport in Manague and another base at Montelimar, formerly the ex-dictetors' private airfield, which can handle a Boeing 707.

Extension work has also been carried out at two Atlantic coast airfields, at Puerto Cabezas, where the runway has been tarmaced, and at Bluefields.

In assessing Nicaragua's military build-up, understanding Nicaragua's view of U.S. intentions is as important, if not moreso, than its view of Bonduras' military muscle. An instructive insight into Sandinista defence thinking comes from Sr Jaime Wheelock, one of the top nine Sandinista leaders, who in his book The Grest Gballenge said in 1983: "We have never discounted the possibility of a direct intervention. If we rely on the lessons of history, we would bave to conclude that imperialism is setting in motion now an escalation which will lead in a determinate moment to direct intervention in Nicaragua by military forces of the United States. We will probably have to fight the United States . . ."

Such a confrontation is undoubtedly at the forefront of the negotiators' minds in Manzanillo. Mr Langhorne Motley, Under Secretary of State for Inter American Affairs told the U.S. House Foreign Affairs Committee on July 31: "Onr diplomats are working activety to contain the threat posed by the military links of Nicarsgua with Guba and the Soviet Union. The House of Representatives Armed Forces Gommittee, which made a visit to Nicaragua in July, recommended to Secretary of State, George Shultz, that the talks presently underway between the U.S. and Nicaragua "could be the start of an agreement through which the Sandinistas renounce any attempt to export their revolution and reduce their links with Cuba and the Soviat Union, in exchange for the reduction of the U.S. presence in Central America and the re-establishment of normal economic relations."

The first tentative steps of an agreement have seemingly been made at Manzanillo, and the sudden fanfare of publicity by the Nicaragusns for thair new military airbase msy signify that that the arrival of tha MiGs will now depend as much on the outcome of those talks, as on the completion of the pilots' training or the completion of the Punta Huete airport itself.

Ruhrgas settles price for supplies of Siberian gas

BY JAMES BALL

WEST GERMANY'S major gas importer Ruhrgas and the Soviet Union's Soyuzgazeksport have settled price terms for Western Europe's first supplies of Urengoi gas from eastern Siberia. Indications are that Ruhrgas has managed to extract a price reduction along the lines of a Soviet-Italian deal signed in May, bringing further downward pressure on Europe's internationally traded gas prices.

According to the newsletter International Gas Report (IGR), the Italian border price was set at $3.60 per million British thermal units at January 1, 1984, which would translate from the D-mark/heating units contract price to a German border price of !3.80 per mBtu on October 1, 1984, when the Urengoi gas starts flowing.

There are also signs that the basket of indicators, to which the price is linked, is changed from earlier Soviet contracts. Ruhrgas is understood to have increased the weight of gasoil in the index, retained heavy fuel oil prices and added a coal pcice element.

Ruhrgas will not comment on the price, but a spokesman for the Essen-based utility confirmed that Ruhrgas is asking all of its producers—both domestic and international—to add a coal indicator to contract price escalators. He also said that the gasoil index will play a greater role in the new Soviet contract. Gasoil is the principal competitor for the German residential heating market.

The new Soviet contract envisages supplies of Urengoi gas to West Germany reaching 10.5bn cubic metres per year by 1990 with an additional 0.65bn cubic metres flowing into West Berlin the same year. Supplies will build up to this level gradually over the next six years. Analysts say that the contract'a take-or-pay clause is triggered at the 80 per cent "take" level, and a Ruhrgas source told IGR that the same flexibility applies during tha buildup period.

The terms of the Ruhrgas contract will not be good news to Norway's Statoil or to other exporters. Nor will they be very well received in Washington DC. The Reagan Administration staged a strong attempt to stop Urengoi gas coming to Europe at all, let alone at prices below other supplies.

Statoil will now be doing well to retain the price it agreed with the British Gas Corporation for Sleipner gas in February. That price was understood to be $4.10 per m Btu before the UK Government demanded a cut in the peak levels of supply. With the gas now reaching only 9bn cubic metres a year—from 1996—the field's profits are also reduced without a compensating price increase.

Pressure has also come on Algeria to cut its price to Belgium and France where LNG is now landed at $4.40 ($3.94 per m Btu f.o.b.), but this is likely to be resisted by Algeria. It has already lowered the price this year.

However, Gasunie of the Netherlands, which last year was given government approval to seek new export contracts, will have to look long and hard at the new Soviet contracts. It currently exports gas at around $4.10 per m Btu, but had to offer a three month price concession to Belgium in June to prevent Distrigaz taking spot supplies of Soviet gas.

Like other European gas utilities, Gasunie will also be watching changes in price indices. It's export price is 95 per cent linked to heavy fuel oil—leading to a sharp rise in tts prices this year. The effect —at least in the short term—of Ruhrgas increasing the weight of the gasoil indicator is to stabilise prices. An increasing trend in Europe will be to link prices to those of competing fuels.

Cairo delays N-plant programme

CAIRO—A $34bn Egyptian plan to build eight nuclear power plants by the year 2000 will be delayed by at least five years because of problems in financing, Mr Mohammed Osman Abaza, the Electricity Minister, said yesterday.

He also said in an interview that Egypt needed more time to study tenders for the first two plants and would not award a contract before the end of this year.

Five gronps submitted bids last November to build two 1,000 mW pressurised water reactors at El Dabaa, 150 km west of Alexandria, and a decision had been expected in June.

The gronps competing are Kraftwerk Union and Brown, Boveri and Compagnie, both of West Germany, a Franco-Italian consortium led by France's Framatome, and Westinghouse Electric Corporation and Bechtel Overseas, both of the U.S.

Egypt had planned to generate 40 per cent of its projected electricity needs at the end of the century from tha eight plants, which were to be largely financed from Egypt's oil revenues. Declining oil prices cut oil revenue to $2.5bn in 1982-83 from $3bn in 1981-82.

Reuter

UK clothing council sets up trading company

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE BRITISH Knitting and Clothing Export Council (BKCEC has set up a trading company, CEC Ltd, to act as a buying agent in the UK for retailers and wholesalers for parts of the world which are considered to be "difficult" from a trading standpoint.

The move was described last week as "a most unusual step" by Mr Peter Randle, director of the council.

CEC has already been appointed as sole UK agent by Affidac, an international trading company based in Geneva but with strong trading links in the Middle East and Latin America.

The Affidac contract is worth £1m a year in turnover to the UK and CEC will take a commission on that. Two-thirds of the goods supplied will be clothes with the remainder made up of soaps, cosmetics, games, toys and other consumer items.

Affidac also has a subsidiary, Summit, in Fort Wayne, Texas, which sells goods into Latin America and CEC will be buying on behalf of Summit.

Mr Randle said the establishment of CEC was "an aggressive and positive move. It coincides with a favourable movement in sterling exchange rates against most currencies and we expect to see a major increase in exports to a number of markets which have proved difficult in the recent past, especially the Middle East and South America."

The issue of "difficulty" relates not solely to problems of establishing a presence in a market but also to questions of documentation. It has been estimated that 51 per cent of all letters of credit contain errors. Since the letter of credit is the prime document enabling the producer to get his money it is essential it should be completed properly.

On shipping documents the likelihood of error is even greater—78 per cent contain faults according to Mr Randle. BKCEC has an expertise in this field which enables it to assist exporters, especially small companies.

Mr Randle stated that a number of other contracts to supply other areas were in the pipeline, all of them for "difficult" areas. "We don't see the sense of entering into such an arrangement for 'easy' areas," he commented.

Mr Roy Moir, general manager of CEC, said the new company would act independently of BKCEC although it would call on the expertise and services of the council.

Rhone-Poulenc launches leisurewear fibre

BY ANTHONY MORETON.

RHONE-POULENC, the leading French chemicals-to-fibres concern, has launched a thermal fibre, Rhovylon, aimed at the growing market for leisurewear clothes such as track suits and sweat shirts.

The company is investing £10m in Rhovylon, which it describes as a "second-generation thermal fibre."

Announcing the launch in London yesterday M Marvin Sammakia said the fibre was the result of research and development by scientists of Rhovyl, the fibre arm of the Rhone-Poulenc group.

"We believe the thermal market is now entering a new phase, with fashion the name of the game. We will continue to support the traditional underwear market but with Rhovylon we have the additional ability to develop sheer and lighter garments."

Rhone-Poulenc has been in thermal underwear for some 20 years but it believes that with the newly developed fibre it is in a position to use it for outerwear, and in particular leisure clothes, as well as improved lingerie and general underwear.

To do this it has linked closely with the fashion trade. "Our policy in France is to work with the leading fashion names," M Sammakia stated. "Several leading French garment makers are using the new fibre and we have been successful in getting into leisurewear through named goods.

"We want in particular to reduce our dependence on underwear."

Rhovyl's new fibre has been incorporated for the first time in clothes selling in France this season. The clothes are in some 500 stores and the company expects to sell between 60,000 and 80,000 pieces in the country. It has also launched the fibre into Belgium, Canada and Japan and, with the UK launch, expects to earn at least 20 per cent of its turnover from overseas sales.

Eventually, the company hopes that direct and indirect sales of the fibre will account for half its turnover.

Sweden may curb imports of Polish, E. German cement

BY KEVIN DONE IN STOCKHOLM

THE SWEDISH Government is following with concern steeply rising imports of cement from East Germany and Poland.

The Swedish Board of Commerce, which monitors the country's foreign trade, has proposed that formal import restrictions should be imposed following investigation of complaints from the Swedish cement industry about dumping imports from the East Bloc.

The Foreign Trade Ministry has delayed formal sanctions, however, and is wating to assess the worth of informal indications from both Poland and East Germany, that they will restrict shipments to around current levels.

Mr Carl Johan Aberg, under secretary of state for foreign trade, said yesterday: "If imports stay as they are we are not going to act but if they continue to increase as they did in 1983, and in the first months of 1984, then we will have to do something."

Imports have more than doubled in less than two years. Discussions were held with both Warsaw and East Berlin earlier this year and the problem is expected to be taken up again when the next round of bilateral trade negotiations with the East Bloc countries begins in the autumn.

The total consumption of cement in Sweden has dropped as a result of the fall in building activity. Consumption fell by 7.7 per cent to 1.8m tonnes last year, but imports from the East Bloc still rose by more than 18 per cent to 232,000 tonnes, accounting for some 13 per cent of the market.

Mr Aberg said that indications from Poland and East Germany suggested that their shipments would in future be limited to 10-15 per cent of the Swedish market.

Last year Sweden introduced a sysetem of supervisory licences for cement imports from the East Bloc allowing it to monitor shipments in advance, and it was this information that led the Board of Commerce to call for import restrictions.

Swedish cement production is in the hands of a sole producer, Cementa, in which the Government has a 5 per cent stake. Cementa has warned that it would be forced to close part of its production facilities if dumping was allowed to continue unchecked on its home market.

Swiss grant China credit for capital goods deals

BY JOHN WICKS IN ZURICH

SWITZERLAND has granted China a credit sum of SwFr 80m (£25.4m) for the purchase of Swiss capital goods and services, John Wicks reports from Zurich. According to the Ministry for Economic Affairs in Berne, this will be used particularly in the modernisation of the Chinese machine-building, precision engineering, watch and chemical industries.

The credit will consist of a SwFr 40m interest-free loan from the Swiss Government with repayment in 20 years if used for capital-goods purchases and five years on the case of services and SwFr 40m in the form of a loan granted by a banking consortium. Interest and maturity of the bank credit are said to be "at market conditions."

● Broken Hill Proprietary's engineering arm has been contracted to build a A$48m cement plant in Fujian province, China, AP-DJ reports from Canberra. The contract was signed in Melbourne with Cai Ninglin, vice-governor of Fujian province, on behalf of Fujian Investment and Enterprise Corporation and Fujian Building Materials Industry Corporation. The contract involved a mixed credit finance package involving funds from the Export Finance and Insurance Corporation and the Australian Development Assistance bureau's development import finance facility.

The plant is expected to produce 2,000 metric tons of cement a day.

● Tha H. J. Heinz Company has signed a contract to make baby food in China, AP-DJ reports from Peking. The Pittsburg-based company has formed a joint business venture with the Chinese and will invest $4.2m in the $7m project. Under the contract, a baby food factory with annual production capacity of 2,500 tons will be set up by June 1985 in Canton.

MAN of W. Germany to enter U.S. truck market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MAN of West Germany is to enter the U.S. truck market for the first time with the medium-weight vehicice it produces in co-operation with Volkswagen.

The trucks will be assembled at MAN's bus plant in North Carolina using key components such as diesel engines, transmissions and axles from West Germany. Initially, sales will be concentrated on the East Coast.

Sales of the type MAN intends to sell—those between 6 and 11 tonnes gross weight—total about 100,000 a year in the U.S. and there is a trend developing towards diesel-powered versions.

The trend has been helped by the presence in the segment of Iveco, the Fiat subsidiary, which sells Z-range diesel vans imported from Italy.

Dr Gunther Dietz, the head of MAN's vehicles sales worldwide, emphasised that it would be some time before MAN put the finishing touches to its U.S. plans but the company has been more than satisfied with the progress of its bus operations in the U.S.

Since it came on stream in 1981 the company's plant has delivered 1,200 buses and now employs 600.

The MAN-VW joint venture has not been such a success, however, because demand for the 6-11 tonners has been depressed since they were launched in 1979. The original intention was to produce 15,000 of the joint vehicles—known as the MT range—annually with 10,000 going for export. But output has been only about 5,000 a year and Dr Dietz suggests that it will not reach 10,000 until the end of the 1980s.

VW makes the cabs, rear axles and gearboxes for the joint range—which fills a gap between the weight where VW's commercial vehicle range ends and MAN's range begins—while MAN produces engines, frames, front axles and special bodies.

MAN's own truck output in the 1983-84 financial year, which ended in June, reached about 17,000, up from 16,000 the previous year but well below the 24,000 for 1981-82.

UK NEWS

Fears of freeze on council spending

By Hazel Duffy

LOCAL authorities' fears are growing that the voluntary restraint on capital spending in 1984/85 introduced by the Government in mid-July has not bad the desired effect, and that a statutory moratorium may be introduced.

Some district councils and some large metropolitan authorities, however, bave hinted quite loudly that they did not intend to comply with the voluntary restraint.

Returns by local authority treasurers showing their capital commitments are now being analysed by Department of the Environment officials. If they show that capital spending in the current year will oversboot casb limits by more than last year's £368m, the Treasury is expected to ask ministers to consider more formal restraints.

Officials believe that their inquiry will show that the "overspend" could be greater this year.

The Government could embargo local authorities' funds from the sale of council housing being used for capital spending.

Proposals for protection of savers unveiled

BY ERIC SHORT

COMPULSORY registration has been proposed for all financial institutions offering long-term savings and investment contracts and all people selling such contracts.

The proposal was made by the Life Officers' Association (LOA) and 17 other bodies involved in this investment field. The registration would be with a self-regulatory agency (SRA).

Details of the proposals were released yesterday in London. They represent the first constructive moves by a major sector of the investment market to meet the comprehensive reforms of investor protection put forward by Professor Jim Gower

Prof Gower envisaged protection of investors by a system of SRAs covering the whole investment market. His ideas were elaborated by Mr Robin Leigh Pemberton, Governer of the Bank of England, and followed up by Mr Alex Fletcher, Parliameotary Under Secretary of State for Corporate and Consumer Affairs.

The committee includes representatives of 18 organisations including the Building Societies Association, the Unit Trust Associations and the British Insurance Brokers' Association. It adopted as wide a brief as possible to include not just life assurance contracts, but all long-term investments

The general principle is that everyone who derives a material financial benefit by selling or advising on the relevant investments sbould be regulated.

The proposed SRA would be responsible for controlling five basic areas in investment selling and marketing: licensing of salesmen, advertising, cooling-off periods, complaints procedures, and commissions.

Mr Marshall Field, chairman of the LOA and the committee, said that one major objective was to produce a comprehensive system of control that could not be evaded by intermediaries simply selling other similar products.

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Talbot to resume Iranian contract

By Arthur Smith

TALBOT UK is recalling 750 Coventry workers to resume work on the £120m a year cootract to supply car kits to Iran — Britain's biggest single motor industry export.

The company sent letters by hand to the workers, most of whom were laid off seven weeks ago because of a delay in payments from Iran. Talbot said letters of credit bad now been received for the outstanding sum (thought to be about £15m) and no difficulties were envisaged for the future.

Talbot, the UK subsidiary of Peugeot of France, is highly dependent on the Iranian contract which, despite repeated interruptions for political and encooomic reasons, is regarded as good long-term business.

The latest delay in payments was caused by Iran's foreign exchange difficulties, which have led to cuts in imports and delays in payment to to suppliers.

The recall of the 750 workers will put the engine plant at Stoke, Coventry, on full production after two months. Work for 800 had been found on a separate £15m contract to supply spare parts to Iran.

The £20m investment for a family of medium-range cars — codenamed the C28 — at the Rytoo assembly plant, Coveotry, is under way. The car, to be launched late next year, will mean a slight increase in the labour force of 1,400 which assembles the Horizon, Solara and Alpine models.

Talbot made a net profit of £3.1m last year after accumulated losses of £392.2m since 1974.

The problems with the Iranian contract represent a jolt to Talbot's aim of achieving a profit in the current year. The UK subsidiary was buoyed by its success in gaining Iran's backing for n £20m new investment in its Coventry facility.

Mr Geoffrey Whelan, who took over as chief executive earlier this year from Mr George Turnbull, did much to push through productivity cbanges and quality improvements to justify the new investment.

Mr Whelan, in a briefing to the workforce and senior management, has made clear the need to become efficient and profitable in order to generate new investment beyond the C28 and to ensure a long-term future for Talbot UK.

FARNBOROUGH INTERNATIONAL AIR SHOW

British Aerospace plans three additions to its 146 family

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE (BAe) is to extend its family of four-engined regional jet airliners, the 146, by building a larger model to carry 120 passengers, called the Series 300, and cargo versions of the Series 100 and 200 aircraft.

The combined launch costs will be about £100m, in addition to £400m already spent or committed for earlier versions of the 146. That model, which carries a maximum of 100 passengers, will continue in full production. The 146-300 is aimed at meeting a growing need for a 120-seater to increase frequencies of service oo short-haul routes.

BAe estimates that this market could exceed 1,000 aircraft world-wide by the end of the century. It bopes to capture a 30 per ceot share. Total orders and options for the 146 so far amount to 81 aircraft and 16 have been delivered.

The company said at Farnborough yesterday that it had started detailed design and engineering of the new aircraft. Its first flight is planned for 1987 and deliveries should start early in 1988. Each aircraft would cost customers $18m, against $14m for the current series 100 aircraft and $15m for the current series 200 aircraft.

The new 146-300 will complement the existing 80-seat Series 100 and the 100-seat Series 200. The high degree of common parts and components of the three versions will allow airlines to adopt a "mixed fleet" approach to their traffic needs.

The aircraft will have an improved version of the U.S. Avco Lycoming ALF-502 jet engine used on existing models, while there will be extensive improvements in wing design and nther parts.

BAe sales teams ore discussing the new version with many airlines throughout the world. Several have expressed keen interest. The 146's biggest success so far has been orders potentially worth £750m from the California airline Pacific South West.

Competition will be fierce, however, from Boeing of the U.S., with its new Series 200L version of the bighly successful 737 jet, from McDonnell Douglas with its proposed MD-87, and from Fokker of Holland with its new F-100.

Prop-fan controversy grows

BY OUR AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European group which is building a family of jet airliners including the 150-seater A-320, yesterday eotered the controversy over "jet versus prop-fan" which is emerging as a dominant theme at the Farnborough air sbow.

Airbus dismissed the idea of prop-fans for future airliners on the grounds that they were more costly than jet engines, aod at present faced technical problems.

Airbus said that like many other world aircraft manufacturers it was studying the use of prop-fans. These are gas turbioe engines, which instead of being used to provide jet thrust drive propellers more like a ship's screw than the customary aircraft propellers.

Airbus said that "for the moment preliminary analysis does not sbow sensible overall economic advantages with prop-fans. It thus appears difficult to justify the massive investmeot needed to develop prop-fans; to resolve the technical uncertainties and to give a certificate to a prop-fan that would be suitable for the new generation of 150-seot airliners, such as the A-320 class of airliner, at least until the late 1990s."

Airbus said it was suggested that prop-fans would burn much less fuel than jet engines. It was widely acknowledged that there were many technical uncertainties, such as excessive noise, vibration, drag problems and the difficulties of providing n satisfactory gearbox.

"It will, nt least for many years inevitably cost more to buy and maintain a prop-fan engined aircraft than an airliner fitted with an advanced jet engine because of the technological risks involved and their greater complexity.

"An airline contemplating purchase must therefore ask itself whether a prop-fan powered airliner is worth waiting for," Airbus said.

Battle for Airbus engines heats up

BY LYNTON McLAIN

THE BATTLE to win engine orders for the A-320 airbus and other 150-seat airlioers intensified yesterday. CFM International, the Franco-U.S. partnership of Geoeral Electric of the U.S. and Snecma of France, acknowledged the greater fuel efficiency of the rival engine V2500 made by International Aero Engines. That and the latest CFM engine both have 25,000 lb thrust.

All 42 orders for the A-320 so far, however, have specified the CFM engine. This is expected to be in service on the A-320 io 1988, 18 mooths before the V2500, Mr Frank Homan, executive vice-president of CFM International, said at Farnborough yesterday.

Mr Ron Welsch, senior vice-president of marketing for CFM, said the V2500 would between 3 and 4 per cent more fuel-efficient than the CFM56-5 engine. International Aero Engines is a partnership of Rolls-Royce, Pratt & Whitney, MTU of West Germany, Fiat of Italy, and Japanese Aero Engines.

Mr Welsch claims that the CFM56-5 engine would offer improvemeots in maintenance requirements of between 30 and 40 per ceot compared with the V2500.

● Boeing plans to build the world's biggest helicopter, with twice the lifting capability of any belicopter available in the West.

The 70-ton craft will be able to lift 35 tons, eight tons more than the Soviet Mi-26 now on display at Farnborough. It should fly for the first time in 1988.

Currys to abandon business computers

CURRYS, the electrical retail group, said yesterday it was pulling out of the small business computer market.

Its specialist computer company, Currys Micro-Systems, which has traded as MICRO-C, is to cease business immediately. Five of the six specialist shops will be closed.

Mr Terry Curry, group managing director, said the decision had been taken reluctantly after four years of trading "in an immature, price-sensitive market, beset by ever reducing prices and margins." The company refused to say how much it had lost on the operation.

Currys emphasised that the decision did not affect its policy on home computers.

A promotion was being launched and sales of home computers through its high street shops were ahead of those at the same time last year, Mr Curry said.

● LUCAS ELECTRICAL has successfully appealed to 2,100 shop floor workers at its alternator and starter motor factories in Birmingham to reject union advice and accept n modernisation plan which will mean the loss of 700 jobs over five years.

● AUSTIN ROVER, Fiat and Honda announced price increases averaging 4 per cent. Their action followed strong hints from Ford, the market leader, that its prices would rise — also by about 4 per cent — from mid-September.

● UNEMPLOYMENT among people gaining degrees at UK universities fell last year for the first time since 1978, the University Grants Committee reported.

More than one in 10 of last year's 74,052 graduates nt bachelor degree level were believed to be unemployed at December 31 — 10.1 per cent of the women and 11.4 per cent of the men.

● PEAT, Marwick, Mitchell, the largest firm of chartered accountants in the UK, yesterday appointed CDP Waterhouse, the financial services arm of Collett, Dickenson, Pearce, to bondle its corporate and product advertisiog.

The appointment has been made ahead of the relaxation in advertising and publicity restrictions governing the accountancy profession, which will be lifted on October 1.

Scargill meets his media match

IVO DAWNAY attends the first day of the Trades Union Congress and sees one man steal the limelight

ALL THROUGH the day be bestrode the Trades Union Congress like a Colossus. Stripped to shirt-sleeves, be met the public oo the beaches, in the bars and corridors of the Brightoo conference centre, and on the streets, pumping bands of miners and exchanging cheerful banter with friend and foe alike.

Rumours of his movements spread through the crowds of pickets, delegates and reporters.

"He told a policeman to move out of the way," one whispered incredulously "and the policeman did."

Other reports seemed less believable — that be bad been avoiding journalists; that be bad talked of compromise and realism; that be has said the miners must make concessions.

Concessions? There is a confusion. It is not of Mr Arthur Scargill, the president of the National Union of Mineworkers, that we speak, but the new giant of the British Trades Union movement — Mr Robert Maxwell.

Mr Maxwell, chairman of the British Printing and Communications Corporation, is Britain's newest newspaper baron. Last month be took control of the Daily Mirror, the leftish, mass circulation newspaper. Since then has stayed in the beadlines. First he announced n "Who Dares Wins" bingo game in the newspaper with a £1m prize. Then he cut the price of the Mirror by 1p.

At Congress yesterday his biggest coup was announced: that he had acted as an intermediary between the National Coal Board and the mineworkers' union, which had led to the announcement of fresh talks.

The medin were scrabbliog for details of his coal peace plan, while at the Grand Hotel the great man was fending off "Who Dares Wins" challenges from miners for the famous £1m.

Even here, Mr Maxwell found a point in common with the penniless pickets. "You should know," be told them, "millionaires don't carry any money."

Outgunned by his daunting presence, the 4,000-odd demonstrators in Brighton to support the miners courageously did their best to ignore the intimidation and carry on with their traditional pursuits of chanting and marching.

Beside the Maxwell show, the official activities paled. It was only when King Coal himself, Mr Scargill took to the rostrum that Congress began to look like its usual boisterous self.

Mr Charlie Turnock, the rail workers' leader, went oo to promise somewhat surreally that none of his trains would cross a field if it contained n cow with "NUM picket line" painted on it.

Mr David Basnett, the TUC's straight man, warned with his usual succinctness: "Thatcher wants to destroy the 'enemy within' and if she does that to the NUM she weakens all of us."

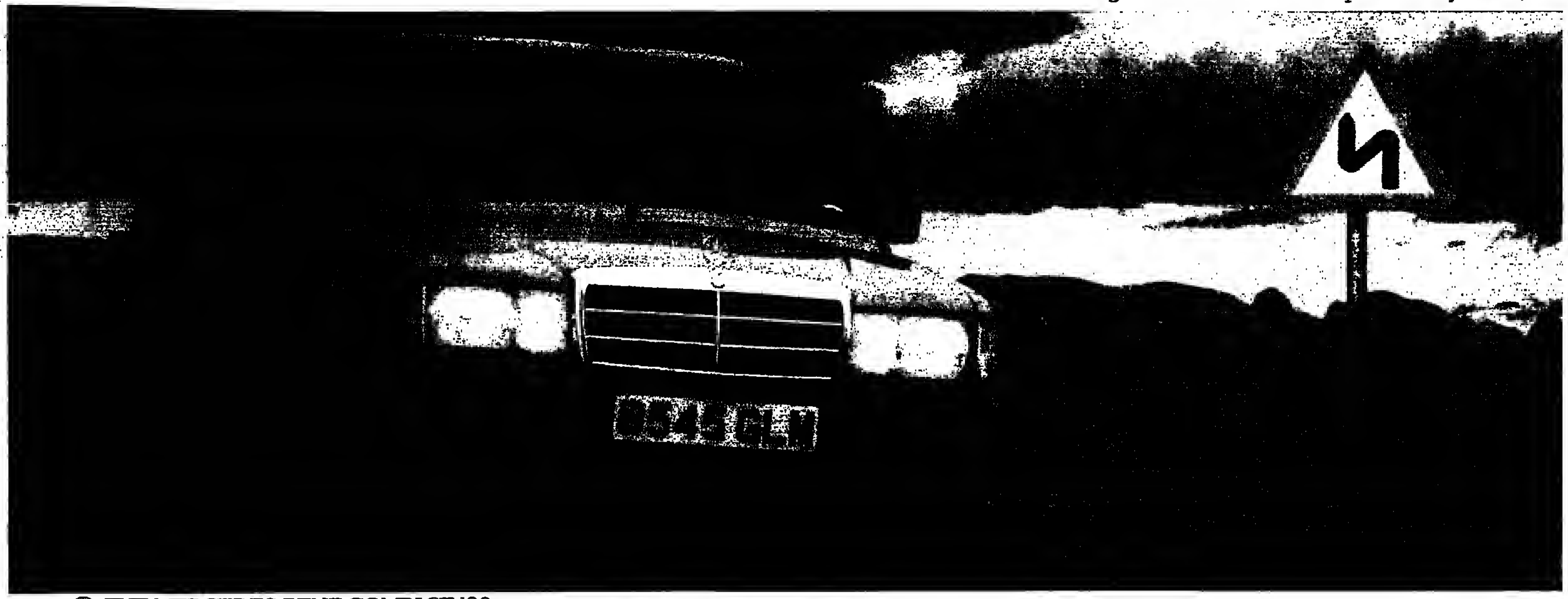
No other suspension system can handle like this. And ride like a Mercedes-Benz.

At last, you don't have to compromise between handling and comfort. Because the Mercedes-Benz engineers wouldn't.

It started with the development brief for the compact 190 range.

And it was a problem which took the world's top automotive engineers five years' intensive development work to crack.

They began by testing 70 variations of eight traditional rear suspension systems,



THE MERCEDES-BENZ COMPACT 190s.

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When nothing could measure up, they created a completely new system for the 190s. It's so superior, Mercedes-Benz patented it.

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Each link is connected in exactly the right position to keep the wheel at the best possible angle to the road's surface.

It took thousands of man-hours and hundreds of computer-runs to achieve this optimum layout.

And here's what the Editor of Car magazine thought after cornering a 190 at high speed:

"The way you can lean on that rear wheel with full power on exit can be compared with the feeling you get in a firmly-suspended double-wishbone Italian – except the ride is miles better."

The Mercedes-Benz 190, fuel-injected 190E and new diesel version, the 190D.

All offering you the legendary Mercedes-Benz silken ride. With the sort of handling designed to create another legend all of its own.

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Engineered like no other car in the world.

The 190 range offers three engine options: 4 cylinder 1997cc, 4 cylinder petrol injected 1997cc and 4 cylinder diesel 1997cc.

TECHNOLOGY

EDITED BY ALAN CANE

SML FINDS A NICHE IN COMPUTER DEVELOPMENT

Search for specialism

BY LORNE BARLING

IN THE formidably competitiva UK microcomputer market, there is an increasing tendency for manufacturers to seek a sector of the market they can dominate, an approach which has so far proved successful for Sirius Microtech of Tewkesbury.

The company, known as SML and in no way linked with Sirius of tha U.S. or with ACT (Sirius), has marketed two micros, the Darkstar and the Polestar, the first of which bas capabilities which have previously only been available on minicomputers. Their development has been closely linked with work carried out at Bath University.

The machines are aimed at the scientific and advanced engineering markets and have evolved partly as a result of the need for development tools for work being carried ont within Bath University and Ramtek, a company involved in vidao games systems.

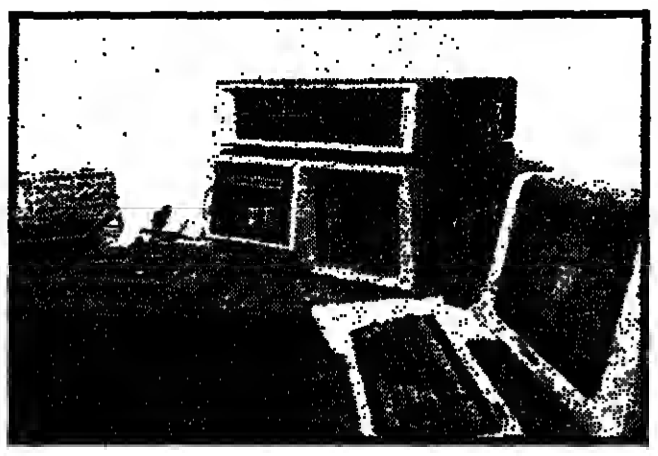
Ramtek was subsequently sold and its managing director, Mr Rod Perry, set about raising capital for SML, which was well qualified for various high technology grants since a favourable product assessment bad been carried out by Cranfield Institute of Technology.

The Darkstar can be used on ship hulk design, fluidic mechanical and image analysis

A sum of around £200,000 was raised through the Microprocessor Application Programme, the small firms loan guarantee scbeme and private investment, taking SML to the launch of its first computer, *Darkstar*, in July last year.

This was engineered and packaged on the basis of a design from Bath University, which is paid a royalty on sales and continues to carry out development work for SML.

Darkstar's main use is as a low-cost software development systems for more than one user at a time or singla user scientific work station in the price range of £8,000 to £20,000. Within six months, a second product was launched, Polestar (Britain's first universal microprocessor development system), whose prices range from as much as 50 per cent below the cost of microprocessor development systems from the American companies.



A prototype electronic system under test using the Polestar computer from SML. It can be used for a variety of testing problems

The system, which developed into Polestar, had originally been offered to the UK General Electric Company, which took six months to turn it down, but SML was able to put it on the market within six months of winning the licence to manufacture it.

Darkstar has been bought by BP for analytical work on petroleum cracking plants, and by a number of Government departments. It is also being used for complex work on wind power generation.

The Darkstar algebraic processor is also a powerful analytical tool. It has wide application to engineering and scientific problems, the company said.

"Its standard capabilities include derivation of differential equations, integration, calculations with matrices, factorisation and a most important facility for defining functions and extending programme syntax," SML added. These are used on a wide variety of problems including image analysis, control theory, ship hull design, turbina design and fluid mechanics.

Darkstar also operates a cataloguing database system for libraries and museums which can hold up to 1m records, and this system has recently been sold to the Gulbenkian Institute of Science in Lisbon.

"We are talking to other companies which are interested in *manufacturing Darkstar*," said Mr Perry.

However, be believes that the sales potential of Polestar, a universal microprocessor development system, is much larger, though still in a specialised sector of the market. He predicts that SML will sell at least 30 units this year at prices in the £6,000 to £10,000 range, compared with around £25,000 to £50,000 for products from companies such as Hewlett Packard or Tektronix.

Polestar is a universal microprocessor development system which is selling at ronghly the price of a dedicated system, with its system architecture designed to ensure that new processors — the calculating heart of any computer—can be used as they become available.

The development of Polestar, and the success of SML, owes much to the working relationship with Bath University, which operates on a number of levels.

The company provides components for work to be carried out at Bath on its behalf; it funds one PhD student working on software development, and pays a percentage of tha salary of a research student doing specific tasks for SML.

While there is a tendancy for people at Bath to be over-optimistic about the immediate commercial prospects for their achievements, new products are emerging for SML to produce. Overall, the link with Bath University has proved successfnl, and two graduates have joined the company.

SML is expected to achieve a turnover of around £600,000 this year.

Sponsoring and the art of film making

Video & Film

BY JOHN CHITTOCK

THE SUBJECT of sponsorship is currently dominating debating circles in television and video. There is a growing mixture of anticipation, enthusiasm, fear and suspicion whenever the matter of sponsorship is raised.

On the one hand, there is no sbortage of companies (and cash) looking for opportunities to reach the audiences wbich television (and video) can uniquely deliver. On the other hand, the programme makers and TV companies are forever anxious to find new ways of financing their business—and sponsorship is a rich seam of gold whlcb so far bas been exploited only around the edges.

Such are the simple issues involved. But the broadcasters, in particular, are liable to get rather touchy when sponsorship is mentioned—they may fear the worst excesses of the U.S. style of TV sponsorsbip, and, at best, are apprehensive that some apparently praiseworthy programme financed by industry will conceal a googly so terrible that batsman, wicket keeper and long stop (the Home Office) would all be bowled over.

Unfortunately, the very word "*sponsorship*" causes confusion—meaning different things to different people. Tbose who wish to see so-called sponsored films on broadcast television or cable TV have in mind the distinguisbed traditions of the documentary film—whicb was created (with the word documentary) by John Grierson in the 1920s uniquely as a sponsored medium; industry or government paid for the films and their distribution, but in a climate of social responsibility which people like Grierson and civil servants like Sir Stepban Tallents cultivated.

To others, however, sponsorship can mean a company not only paying for the production—but also for the air time—screwing the last second of prodnct exposure ont of the opportunity. Somewhere in between are variations and permutations, the most significant of which is really straight investment with connotations of sponsorship because the completion of a particular programme or film might enhance the sponsor's industry or reputation.

Within this range of possibilities are another set of permutations regarding editorial control. The best traditions of the sponsored documentary bave not left editorial control as a stick for the sponsor to wield, but as a consensus between producer and sponsor—an intelligent and responsible view prevailing.

Examples of every hybrid are currently available to see in Britain. Ooe of the latest begins on Channel Four this Friday—a series called *Food for Thought*. Made by Illustra Communications, half of their £500,000 budget came from the Health Education Council (the other half from Channel Four). Tbe HEC gets world non-theatrical rights for its money, and more importantly an audience for its own educational messages—viz dietary habits have a major influence on bealth.

Last year Cbannel Four also screened another series tbat was made possible by sponsorship—*The Spice of Life*. Ostensibly a production from tbe ITV company TVS, this series about spices and herbs originated through a sponsorship project for the TVS subsidiary company Blackrod — commissioned by Japan's biggest suppliers of spices, House Foods. Their element of £800,000 covered versions for the Japanese market, topped up to a total of £1.3m in the UK by various deals put together by Blackrod, who retained rest of the world rights. These deals even extended to book rights and a royalty arrangement with the publishers Rainbird.

Ironically, Cbannel Four has yet to screen any straight sponsored documentaries — where the origins of sponsorsbip and editorial influence are self-evident. It has been left to ITV, and to a lesser extent the BBC, to demonstrate the possibilities. The most recent example was ITV's *British Achievement* series last July—a daily screening of sponsored documentaries introduced by Sir Monty Finniston. It was well received and is only one of countless uses of sponsored documentaries on television over tha years. Contrary to popular belief, the relevant legislation allows it, with sponsor credits, provided certain safeguards are applied.

The opportunities for sponsors achieving sucb screenings have remained, however, rarc. With video now providing additional outlets, and cable television promising further exposure, more sponsors are now willing to take a gamble—hoping for broadcast exposure, but comforted at least by direct access to bome video audiences.

Such an example is now in production for J & P Coats, a £250,000 video/TV series called *The World of Needlecraft*. Originating as a straight sponsored film project, the concept has been expanded by its producers—Media Software International—to yield a range of distribution possibilities rather like *The Spice of Life*.

The problem wbich still confronts projects such as this one, however, is uncertainty about achieving a broadcast television release. The chances on ITV and BBC are remote indeed, and Channel Four has demonstrated at worst a neurotic fear of sponsored films and at best (more recently) indifference. Tbey fear editorial manipulation and prefer to bave a direct investment in productions as if whoever pays the piper plays the tune.

Yet it may be argued that editorial objectivity is a myth whoever pays. *Food for Thought* contains material about the effect of certain foods on bealth whicb some may contest. But of course tbe food industry would make little headway if it tried to persuade Channel Four to co-finance *A Little of What You Fancy Does You Good*.

The sponsorship debate is now set to become a major issue. The ITV companies realise that cable television could sipbon off, into production deals, money once destined for them. Channel Four knows that responsible sponsorsbip offers a solution to the financial conundrum posed by its brief—"to appeal to tastes and interests not generally catered for by ITV"—but it still seems wary.

Only home video remans certainly accessible to sponsors. Until now, that market has been unabla to offer audiences big enough to challenge television, and video sponsorsbip in consequence has been insignificant. But with revised forecasts now seeing VCR penetration reaching a ceiling of 70-80 per cent of all TV bomes, it could become the sponsored medium that reaches the parts that others cannot reach.

Stock control

Handy way to data

A HAND-HELD terminal offered by Canon is aimed at those who have to conduct transactions "in the field"—roundsmen for example, or employees who record stock levels or conduct other counts while walking a large ground area.

Known as the Handy Terminal 5000, the unit runs programs written in Basic on the Canon small business computer AS1000. An RS232C converter permits two-way communication with other computer systems by direct connection or over a phone line via a modem or acoustic copler.

There are 34 keys—12 numeric, six operational and 16 user-definable. A large liquid crystal display of two lines with 20 characters each shows operational procedure, input verification and file inquiry in easily understood, conversational style.

The basic unit with 16k of memory costs £375. Options include additional memory to 96k and a thermal printer costing £105. More on 01-680 7700.

Communications

Small exchanges

TWO EXCHANGE lines and ten extensions can be accommodated by the Minimaster 8, a telephone exchange introduced by Ansamatic and aimed at smaller businesses.

Any telephona approved by British Telecom can be used as an extension instrument, but using basic products the overall cost of the system is about £1,000.

The exchange has facilities often associated with larger systems, such as automatic last number re-dial, call conferencing and call diversion.

There is also an inquiry hold and transfer facility. An extension user can put an incoming call on "hold," hunt round the other extensions for the person the caller wants, conduct a private conversation with him and then put tha caller through. More on 01-446 2451.

Testing

Washing machines

HOOVER IS to cut the time and cost of testing its Electron washing machine using an Autosense computer-based system.

To be installed at Hoover's main plant at Merthyr Tydfil, the system incorporates specially developed manipulators, each with tactile feedback, working under microprocessor control. These automatically index the control knobs through all the machine cycles.

The testing time will be cut from 30 to less than eight minutes and the company also expects reduced warranty claims on its products.

After the electrical and water connections have been made, every machine is automatically cycled through 10 stages of operation. A 3000 volt insulation test is incorporated as a safety check on each machine.

Full information derived from data logging and analysis of test results is planned, via a link with a host computer. Autosense is on 03692 43351.

Office equipment

Desk top copiers

DESK-TOP copiers are now becoming very popular. Ricoh has added one to its range which can produce up to 25 copies a minute. It is also able to reduce and enlarge.

Tha FT4085 is one of five models Ricoh has introduced since the beginning of the year. It has six pre-set reproduction ratios and has a semi-automatic document feeder as optional extra. More details from Ricoh at 24-32 Stephenson Way, London, NW1.

AWARDS FOR ENGINEERING EXCELLENCE

Winning way with innovative design in Britain

AT THE end of next month prizes are to be given for some of the best innovative engineering designs produced in Britain. Called the Archimedes Awards, the competition is run by Eureka, a young journal dedicated to developments in engineering

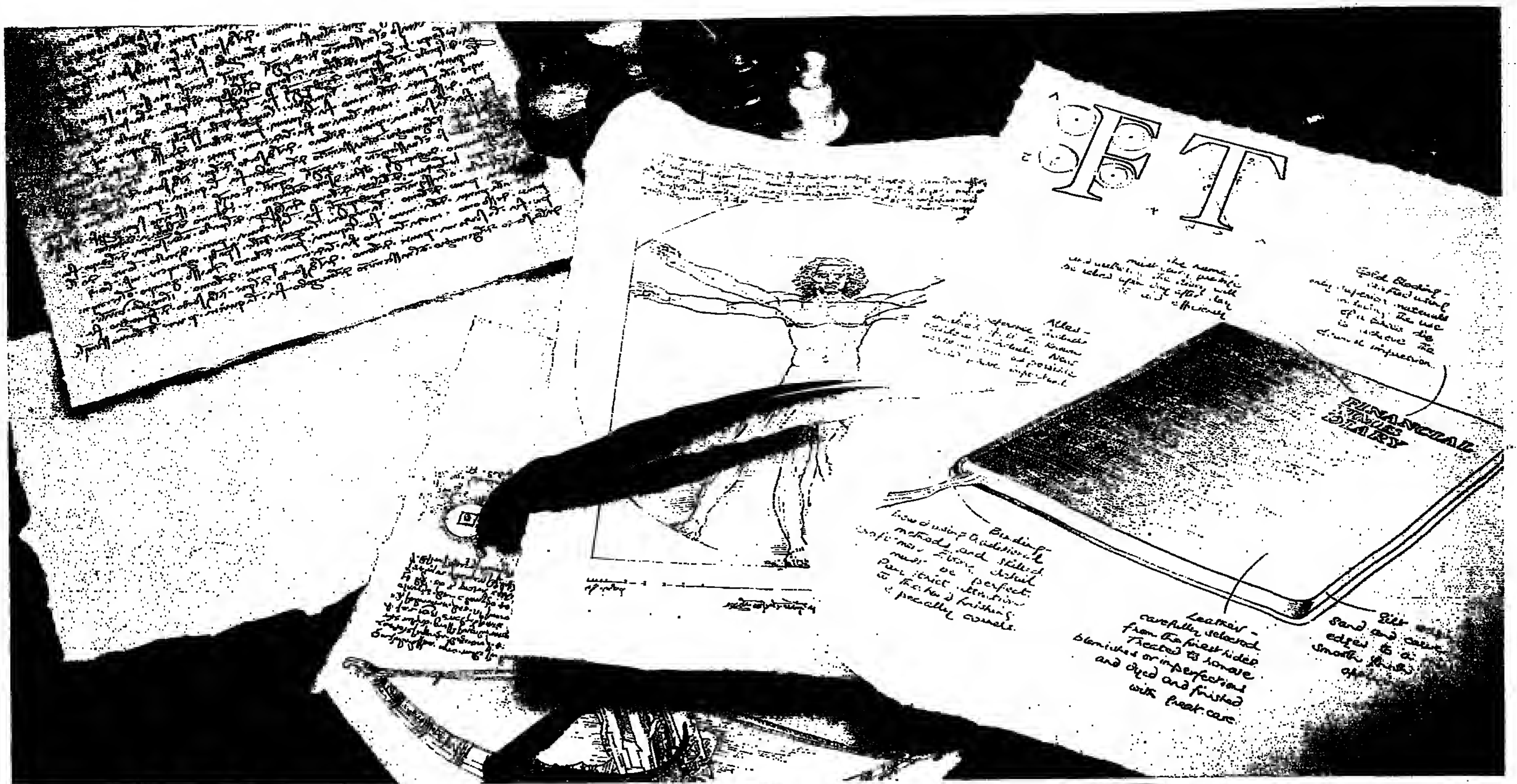
The awards are aimed at commercial products which are innovative in terms of technology, or incorporate electronic control or computers in a novel way.

This year some of those products short-listed inclnde Thorn-EMI's infra-red cooking bob, an electronic controller for the UK designed Xerox 1048 photocopier, a clever answering machine that diverts telephone calls and an industrial liquid/solid separator that knows when to clean itself.

Thorn-EMI's hob which has been hailed as the first fundamentally different way of cooking since the microwave oven. The hob bas lamps on the underside which generate intense infra-red light to cook food.

The innovation centres around a halogen/tungsten lamp which has an improved output in the infra-red part of the spectrum but has sufficient power in the ordinary visible red to enable users to see that the hob is on. More than one dozen patents are associated with this design. There is also industrial potential for this device.

Another product, the industrial separator, has reached the short list because of its incorporation of electronic control to a basically mechanical system. It is designed by Hoccom Developments at Bridgnorth in Salop. The filter removes solid particles from liquid by centrifugal action. A detector automatically identifies when there is a build up if sludga which may impair the separator's operation.



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Inspired ideas are rare. They take genius. Imagination. And foresight. Leonardo da Vinci, without doubt, was capable of this level of original thinking. And we modestly believe we're responsible for an inspired idea ourselves – the Financial Times Diary.

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The gilt edging again requires a painstaking process to produce that unmistakable quality which is also reflected by the magnificent gold lettering. Even such details as the marker ribbons are considered. They are woven to our own special design and are non-fraying.

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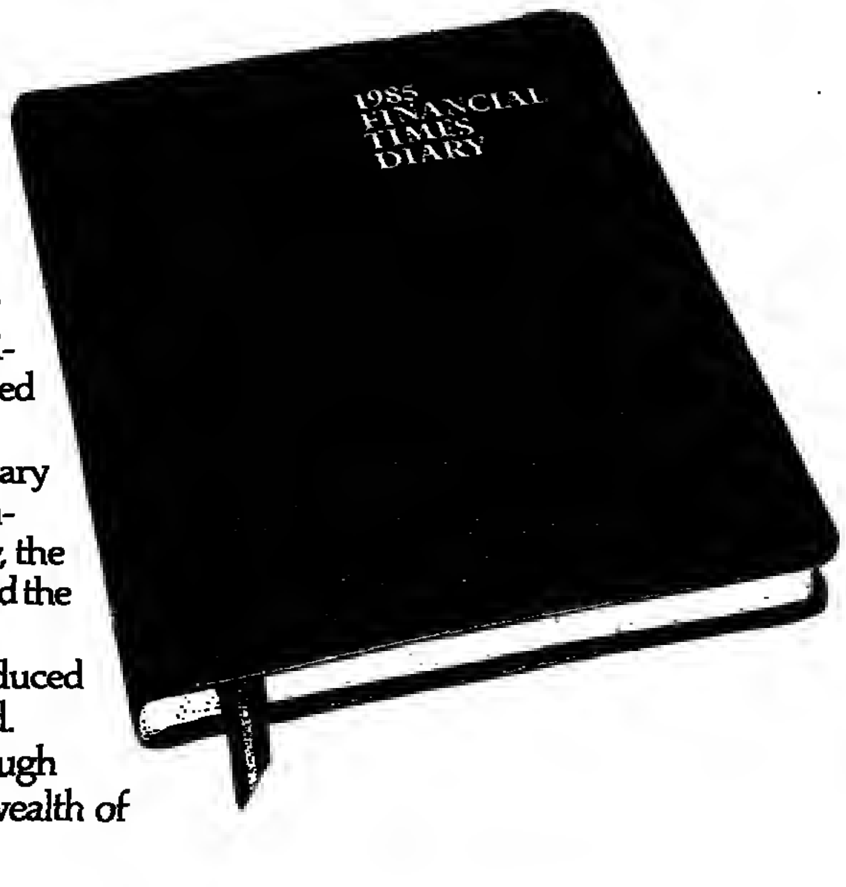

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THE ARTS

Festival Pucciniano

William Weaver

The Festival Pucciniano, in an outdoor theatre jutting into the lake where the composer loved to go shooting, has just concluded its 30th year. Most of those previous festivals consisted of a few performances of the most popular operas, with big-name singers in the rich years and with routine performers when funds were short.

Recently there have been visible attempts to make the productions interesting to more serious opera-goers; and this year's programme — which included a *Butterfly*, to represent the popular Puccini—featured a double-bill of *Le Villi* and *Giselle*, which tells pretty much the same story of doomed love. A closing concert also comprised scenes from *Edgar*, the *Capriccio sinfonico* (Puccini's school-leaving piece at the Milan Conservatory), and the *Messa di gloria*.

While it is occasionally given, at least in Italy, *Le Villi* can be considered a rarity; and in this Torre del Lago presentation, it again proved a work of undeniable grace and wistful appeal. Puccini's biographers always express their indignation that *Le Villi*, submitted to the Sonzogno competition for a one-act opera in 1883, failed to win even a mention. But, of course, the manuscript that the judges (including two of Puccini's former professors) had to examine was not the opera we see today: two of the best numbers in *Le Villi* were added after the competition.

In any event, the Torre del Lago production, though not perfect, was thoroughly enjoyable; and Cristina Rubin, the betrayed Anna, confirmed the promise indicated in a recent Spoleto appearance. The tenor, Antonio Savastano, was not at his best (the damp weather must have been a trial for all the singers). Carlo Desideri, as Guglielmo, sang his main aria with sober participation. An orchestra largely recruited in the States was adequately conducted by Alberto Ventura; Beppe Menegatti's staging was perfunctory.

Menegatti was also listed as the "producer" of *Giselle*. It is not quite clear what a producer is expected to do with a ballet, but he might have kept one of the huntsmen from chewing gum and he could have persuaded one of the peasants to remove his wristwatch before carrying in a basket of grapes.

Still, apart from these (and other) visual defects, the *Giselle* was excellently done: Carla Fracci was in lovely form, especially in the second act, and the young Gheorge Iancu was an excitingly youthful, leaping, striding (and dancing) Albrecht. The Myrtha was also impressive, but since her name does not appear in the programme (as I discovered too late), I can praise her only anonymously.

Seeing *Le Villi* a few days after the Montepulciano production of *Edgar*, Puccini's second opera, prompts thought about both. To be sure, *Le Villi* is the more coherent, the more "Puccinian" of the two pieces, more successful on its own terms; but those terms are comparatively narrow, while *Edgar* is a much bolder, richer — and, in the end, more exciting — achievement.

Thoughts about these, and all the other, Puccini operas were further encouraged by a three-day Puccini Conference held in Torre del Lago during the festival, presided over by the composer's grand-daughter, Simonetta Puccini, head of the Institute for Puccini Studies. The conference brought together a number of specialists, whose papers — sometimes dealing with minute questions, sometimes with broad themes — suggest that Puccinian musicology is a growth industry.

ROSC '84/William Packer

Poetry of vision

I would have tried in any case to get to Dublin for ROSC '84, but particular circumstances conspired to make the trip a certainty. More than that I was already to some extent a party to the exhibition, for I had been asked to contribute an introductory essay to its catalogue, necessarily somewhat in advance, and who could ever resist testing anticipation against the event?

ROSC means in Irish "the poetry of vision," which is a conception that can bear the widest interpretation: but in practice, as the label to this series of major occasional exhibitions (begun in 1967 by the efforts and continuing under the active encouragement of that most distinguished of living Irish architects, Michael Scott—this the fifth), it has been taken to be principally that modern vision the view that artists take of their own world, and their experience of it, in their own time. By this singular reading, the opportunity has been contrived to bring to Ireland at significant intervals something of the best of current painting and sculpture in the world at large, by which, on the one hand, to test the quality and engagement of her own working artists, on the other to see it all afresh, to be reassessed in a generous yet searching new light.

For the value of the major international invitation exhibition, so mixed as it must be and yet so full of such familiar names lies less in any particular discovery it may throw up, any immediate capacity it has to excite or shock, than in its wider comparative virtues, with their quieter, more insidious yet no less reliable capacity to surprise. No matter how well we know the work, to see it again is to see it afresh if only we care to make the critical effort to do so, for nothing will be quite as we remembered it, or expected it to be.

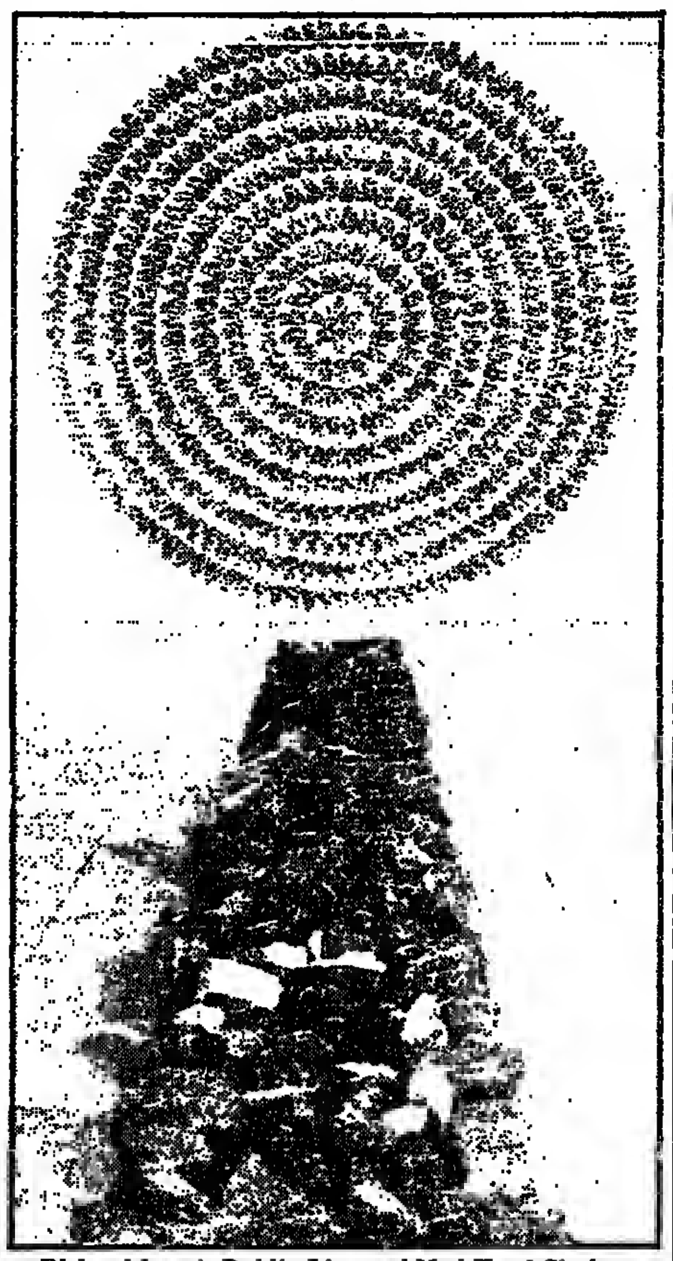
Light, space, company, even the work itself in our experience of it, all are changed in some degree: which factor multiplies itself dizzyingly with every artist involved. But the quieter virtues are those most easy to overlook, or at least take as read. We accept for their convenience the labels and categories given in advance and the critical prejudices that go with them, our own quite as much as others; and caught on the merry-go-round that is the exhibition circuit, we are all too much inclined to focus desperately on what is nearest to us, under our noses, and forget the wider view. Dublin, however, is not on that circuit, and it may well be that ROSC's greatest service and its real achievement, is to take us for once gently aside, and out of such immediate preoccupation, indeed out of ourselves.

The artists were nominated by a distinguished international jury of curators and collectors, and the list it offered reflected personal interest as well as generally established—it would be unkind to say fashionable—trends. It was all I was given by which to make my contribution, with nothing said of policy or intention, or what each artist would show; and it certainly gave me pause. My misgiving was not so much with all those familiar names in themselves, but rather with the thought that we were to see nothing more adventurous than an anthology of the critical orthodoxies of the past 20 years or so, interesting enough but safe. I must say, however, that misgiving led at once to reflection, and on to the conclusion that such a show, far from being bad, might indeed be rather a good thing. This hope was triumphantly confirmed.

The point was easy enough to make: "That only the latest art has any right seriously to engage our attention is a dangerous and destructive heresy, for what is done now can hardly escape the context, the imaginative landscape as it were, out of which it grew, cannot ignore what has conditioned and qualified it . . . there never was a latest art that could put out of court everything that had gone before." ROSC has here achieved its special coup simply by showing that while, these last few years, we have all been so taken up with the New Figuration, the New Expressionism, the New Sculpture of symbolism and retrieval—and here they all are, rightly and judiciously represented — there were still minimalists and conceptualists hard and seriously at work among us, some hard-edgers even, and abstract expressionists. More important still, some of them seem to be working better than ever, for they have clearly continued to develop as artists, their work quite the most interesting on view.

Some reputations suffer, as they always do on these occasions, but they are few, and none suffer simply for having enjoyed a reputation at some length. Here the newer names are those most called in question, the more established those who supply the interest and surprise, and in one or two cases the most commanding and magisterial works on show. Richard Long's Dublin Line of stone along the floor, and his Mud Hand Circles on the wall, together command the upper end gallery against the fiercest competition from Gilbert & George, which is the one misjudgment in an otherwise excellent hang: and Ellsworth Kelly's tall metal slab, as simple in silhouette as a megalith, and curiously as resonant in association, is for me the most beautiful single piece. It is fascinating to see Carl André moving away from the elegant variations of a too rigorous minimalism into something, for him, with his turf floor, so much more speculative and romantic, and oddly close to Nash and Long. Bill Woodrow looks now as though he is attempting something rather more than the image as technical demonstration, for his Elephant has a real grandeur and emblematic presence. Sean Scully's new stripe paintings, huge, open and handled with a splendid freedom, take him too into new and exciting territory: and Albert Irvin, with his magnificent expressionism, is shown at last in the international company he should have kept more than 20 years ago, for he is now over 60 and one of the best painters we have.

ROSC has had no permanent home, and this time it occupies the newly converted Hop Store of the old Guinness Brewery a little to the west of the city centre. Such generous sponsorship in kind, however, must raise the possibility for the future, for though the company is understood to be considering the upper and lower floors for its own industrial museum, nothing has yet been mooted for the two splendid floors in between—and it is a fine conversion. Dublin has yet no proper or even adequate space in which to mount regular exhibitions of modern art of such international quality and standing, and the opportunity now would seem to be too good to miss. The other sponsors of ROSC '84, which continues until November 17, are the Arts Council of Ireland, H. J. Heinz, and Aer Lingus.



Richard Long's Dublin Line and Mud Hand Circles

Irina Arkhipova Wigmore Hall

Max Loppert

Mme Arkhipova's latest London recital, on Sunday, was fine enough for reckoning in purely musical terms; with the knowledge (gleaned from the New Grove) that next December the Russian mezzo-soprano will be 59, it became a phenomenon of nature.

The voice traces soft high phrases, or pours out long legato lines carefully graded to grow to climaxes of the proudest refulgence and sustainment, as though the diminution of its tonal substance and compass must be sheer physical impossibility. As, in addition, the artist seems to develop new means of subtle, powerfully economical communication at each fresh appearance, her special glory deserves the widest celebration. The hall was less than full, which was disappointing; at least it was warmly and insistently appreciative.

Unlike Mme Arkhipova's recent Edinburgh recital programme (on which David Murray reported the other week), last night's was shared entirely between a Rimsky-Korsakov first half and a Chaikovsky second. We're unlikely, at least in the concert hall, to have Rimsky's powers as a songwriter tested more considerably, or at greater length, than in these ten song performances. Most of them proved to be delicately tinted, slightly placid, short-winded romances, with an individual turn of melodic phrase to save them from total blandness — although the "Hebrew Song," with its quiet twists and flicks, caught the attention in a rather more immediate way.

Each song gave, at least, the opportunity for the full range of Mme Arkhipova's smoothly beautiful lyrical singing, and for her pointed but never exaggerated use of hands and facial expression. Each gave, likewise, the opportunity for Craig Sheppard to indicate a keyed-up, exactly placed sympathy with his partner—the few occasions for purely pianistic display were seized firmly, but with excellent tact.

The Chaikovsky selection began on a very high level, with Pauline's short but magnificently impassioned air from *Queen of Spades*. Mme Arkhipova made of it a marvellous recording some years ago; with piano she was here even finer, the intense, rich colouring of the tone being equalled only by its exactitude of emission, the sense of tragic atmosphere nobly restrained. Other notes were sounded elsewhere in the selection—humour and, in the "Gypsy Song," exotic romance. But it was for the Chaikovsky opening and finale that the recital will probably be counted most memorable—"At the Ball," taken more slowly and with steadier, quieter melancholy than I have ever heard it, and a grand sweep into the final "Does the Day Reign?" Wonderful singer: let us hope to hear her as often as she is able to come!

A new 'Othello'

A new production of *Othello* opens at the Lyric Studio, Hammersmith, on September 17. The title role in Michael Boyd's production is to be taken by Joe Marcell, Desdemona by Sian Thomas, and Iago by Philip Whitchurch.

'Bass Clef' opens

Described as a "multi-music venue," the Bass Clef opened last Saturday at 35 Coronet Street, N1, off Hoxton Square, near to Old Street Tube. Playing on the opening night was the Ronnie Scott quintet and the policy of the club is to cover jazz, African and Latin music. The club is open at lunchtimes as well as evenings and full details of the month's programme are obtainable from 729 2476.

A Woman of No Importance / Glasgow Citizens'

MICHAEL COVENEY

The Glasgow Citizens' open a new season in the Gorbals with a welcome reminder that Wilde's three early social comedies, no less than his masterpiece, are vital pieces of anarchical commentary decorated with both matchless wit and melodramatic convention.

The great virtue of Philip Prowse's spikily entertaining production is that it treats of this apparent weakness (the wit at odds with melodrama) with an evenly gesticulated style and gives full weight to the New Woman question.

Mrs Arbuthnot's son, Gerald, is about to be employed by Lord Illingworth as his private secretary. A curiously appealing tug of love situation develops, with Mrs Arbuthnot's final decision influenced by Gerald's plea, as he tries to engineer his own parents' marriage, that she has a duty to all other women.

Mrs Arbuthnot, the wronged woman, and her nameless son "rank among the outcasts"—Jill Spurrier's pale and rigid mask of the spurned drawing room leper, her granite-like stoicism, prepares the ground for the final grand slam of a man's yellow glove across the owner's face.

Mr Prowse has designed a large semi-circular walled garden setting, with gilded pots, banks of daffodils and narcissi, a "real" lawn. This is the home of Lady Hunstanton (compressed to "Hunston") populated by a glittering array of *fin de siecle* visions in black lace and satin, dog collar necklaces studded with jewels, Beardsley hats and feathers.

Paul Rhys's Gerald may at first appear to be a Rupert Everett clone but he has his own attractive line in casual enthusiasm. Other guests include a Lady Caroline of vicar (Derwent Watson) whose Fidelis Morgan whose remark about admiring femininity in a woman is humorously offset by her own manly strides and grim assault on her needlework; a Frenchified Lady Stutfield from Anne Lambton (who is informed that Life is "a *mauvais quart d'heure* made up of exquisite moments"); the pompously Scottish MP of Laurance Rudic; and a shouting unseen wife is a reclusive invalid, deaf and living entirely on jellies she has touched nothing solid in years.

This society is viewed through two separate refractory agencies. First, the straight-talking voice of the social future, the American Hester Worsley (Yolanda Vasquez); and second, the spiritually conjoined witty double act of Mrs Allooby (Roberta Taylor) and Lord Illingworth (Robert David MacDonald).

These voices of comparative reality cut through the picture of privileged lassitude composed by the production. As the talk flows, an unnamed house guest mimes a ludicrous croquet game around the garden with a mallet but no ball, clicking his own clicks; later, the same character goes on all fours through the drawing room flicking his imaginary tiddly-winks.

Thus we see an illustrative echo of one of the play's most renowned *mots*: the derisory definition by Illingworth of the Englishman's notion of sportive health as galloping after a fox —"the unspeakable in full pursuit of the uneatable." It is symptomatic of the evening that no great provision is made for this line which is delivered almost half-heartedly and upstage. (I was surprised, too, to miss in this of all theatres the line "Moderation is a fatal thing, Lady Hunstanton. Nothing succeeds like excess.")

Still, you feel like cheering most of the critical attitudes expressed on Purity (i.e. Puritanism), the role of women, and the sheer rhythmic brilliance of so many lines and exchanges. Hester is the daughter of a millionaire philanthropist who made his fortune in American dry goods: "What are American dry goods?" "American novels." Lady Hunstanton herself (Ida Schuster) is a delightfully muddled hostess given to startling doubts: someone's family was too large—or was it her feet?

Wilde, who was newly infatuated with Lord Alfred Douglas when he wrote the play in 1893, had a Lord Alfred in the cast list whose remarks, chiefly concerned with the glamour of being in debt, are incorporated elsewhere; Lord Alfred is deleted with no great loss. The servants, too, are condensed into the soigné Francis of Colin Wells who sports a white jacket for Lady Hunstanton and top hat and riding boots for the final act in Wrockley, Mrs Arbuthnot's home.

The chill melodrama is underpinned by the vengefully repeated maxim "Children begin by losing their parents. After a time they judge them. Rarely, if ever, do they forgive them." Lord Illingworth is seen finally as a dalliant cad, while the Citizens' clarify in a characteristically luscious manner the clear choice for women, uneroded still after 90 years: there is embroidery, and there is emancipation.

Wildean choice: Embroidery or emancipation

Arts Guide

Opera and Ballet

Aug 31–Sept 6

LONDON

English National Opera, Coliseum: The opening performances of the ENO season are given over to revivals of The Flying Dutchman (an exciting, though often questionable, David Pountney production particularly notable for Josephine Barstow's passionately gripping Senta) and of ENO's deathless Barber of Seville, with Della Jones, John Brecknock, and Alan Opie back in their familiar leading roles.

WEST GERMANY

Berlin, Deutsche Oper: The week starts with Aida, sung in Italian, with Julia Varady in the title role and Carlo Cossmitta as Radames. Manon Lescaut has Charles Vanderzand making his debut as conductor in Berlin. The cast includes Pilar Lorengar and Vasile Moldoveanu. Die Lustigen Weiber von Windsor features Norma Sharp and Helmut Berger-Tuna in the leading parts. Lucia di Lammermoor is a Philippe Sanjust production and has Lucia Aliberti in the title role. The Magic Flute rounds off the week (34381)

Hamburg, Staatsoper: Der Barbier von Sevilla is finely interpreted by Rachel Joselson and Ude Krekow. Arabella is of respectable standard with Judith Beckmann in the title role and Franz Ferdinand Nentwig in the part of Mandryka. Tosca, produced by Jean Pierre-Ponnelle, has Eva Marton in the title role and Franco Bonisolli as Cavaradossi. Othello is directed by Guiseppe Patané. (351151)

VIENNA

Staatsoper: Tosca conducted by Kulka with the Vienna Boys Choir; Madame Butterfly conducted by Kulka. (5324/2655)

Volksoper: Die Fledermaus conducted by Bauer-Theussl, Wiener Blut conducted by Rudolf Bibl. (5324/2657).

TOKYO

Shenshi Singing and Dance Troupe (China): (National Theatre). Pieces from the Tang dynasty (618-902 AD) which influenced Noh and Kabuki and their precursors, Gagaku and Gigaku (5800031).

NEW YORK

New York City Opera (New York State Theater): The premiere of Lotfi Mansouri's production of The Mikado conducted by David Stahl with Elizabeth Hynes and Bruce Reed highlights a week that also includes Mansouri's production of La Roodine and Frank Corsaro's productions of La Traviata with Leigh Munro, Rigoletto conducted by Mark Flint and an evening of Cavalleria Rusticana and Pagliacci conducted by Klaus Weise. Lincoln Center (8705570)

Automobile and Culture/Los Angeles

FRANK LIPSIUS

Having disposed of human prowess at the Olympics, Los Angeles is returning to what Easterners always contended was their favourite sport – cars. Two major local cultural institutions – the new Museum of Contemporary Art and the Mark Taper Forum, the best supported local theatre – are giving new meaning to the term "autoerotic."

While there are auto shows and car museums scattered throughout the American countryside, the museum keeps perspective with 30 cars surrounded by 190 works of art, ranging from a copy of Leonardo's spring-driven car that looks like a moving toy of the pre-microchip era to paintings by Diego Rivera, Edward Hopper and Henri Matisse.

Called *Automobile and Culture*, the show expects to celebrate but instead points out the ambiguity – at least in artists' minds – of man harnessed to the power of machines. Some of the machines are beautiful and deserve to be included among man's ingenious designs, but Californians are bound to walk out of the exhibit still needing reassurance that the culture brought by cars is what they want.

Organised chronologically, the show points up the growing pessimism associated with cars. Left-wing Diego Rivera was one of the few to celebrate man's ever-increasing dependence on mechanical objects. His *Detroit Industry* looks like the Broadway set of *Sweeney Todd* with its symmetrical machines to which people are colourfully garbed appendages.

Even an American optimist like Grant Wood painted a dramatic scene called *Death on the Ridge Road*, with two cars and a lorry about to collide on the crest of a hill. Leonardo was prescient in seeing a mechanical vehicle as both blessing and curse in his *Design for a Scythed Vehicle or War Machine*.

Matisse's *Through the Windshield* describes the impact of cars on man's vision: the road itself dominates the centre of the canvas, and, drawn from the perspective of the seat behind the driver, the painting is framed by the car's doors and roof.

If cars limited man's vision, they also opened new roads, which Michelin tyre posters preferred to emphasize with the theme "the one adjusted to the wheel of Fortune." It shows a scantily garbed goddess with a feather in her hand escaping on a winged wheel from some poor peasant woman sitting forlornly with a punctured inner tube.

The cars themselves inspire confidence and optimism. Stationary, they emit no fumes and have nice decorations like the silver archer of the 1933 Pierce Arrow. They make a particularly appropriate setting for weekend-long performances mounted at the museum by the Mark Taper Forum.

One of New York's favourite narrative artists, Spalding Gray, will tell his audiences *A Personal History of My Car* and weave their stories into his, while another practitioner of the trade, Bill Talen, uses mime, movement and storytelling for his *The American Yoga*. Chris Hardman's story, *Adjusting the Idle*, is being put on audio cassette tapes for spectators to take with them into different galleries.

With partial sponsorship by the Olympic Arts Festival, the exhibit shows what people expect of Los Angeles and gives an unnecessarily narrow view of the museum. Its first show last year had works belonging to eight significant modern art collectors, including Charles and Doris Saatchi, the Weisman family, Dominique de Menil, Peter and Irene Ludwig and Giuseppe and Giovanna Panza di Biumo.

The Olympic Arts Festival, which had dance and theatre companies from round the world, was turned into a media event that some doubt will have a lasting impact on the Hollywood style of trivialisation. The car show does not help dispel the qualms, but the museum remains to transmit the original inspiration for more and better arts in Los Angeles.

Dux Magnus/Toronto

FRANK LIPSIUS

The anniversary of Saint-Casimir's death 500 years ago is being commemorated by Lithuanians everywhere in the world but Lithuania. As a climax to the celebration, the world congress of Lithuanians being held in Toronto this month will see the premiere of an opera based on Casimir's life, written by a Chicago Lithuanian, Darius Lapinskas, who has conducted the opera companies of Stuttgart, Tübingen and Lübeck.

His opera combines Casimir's life with the history of Lithuania and shows that the real martyr is the country. Casimir died in his bed peacefully of consumption at only 26 years old. He was known for his piety and for adopting Lithuania under royal patronage at a time when the Jogaila dynasty, in which he was the second son of Casimir IV, ruled both Poland and Lithuania and had designs on Hungary through Casimir's mother, Elizabeth of Austria.

In those days Lithuania stood at the crossroads, not the periphery, of Europe. Its period of greatest independence was in Casimir's heyday 501 years ago, but history turns out to be a repetitive losing struggle against Russia. Casimir's closest association with that struggle was his miraculous appearance at a battle urging his countrymen on – a 100 years after his death.

Gregorian chants, folk songs and modern polytonality are all part of Dux Magnus, which transforms the pious but unheroic life of the saint into martyrdom. Having been made a saint within 50 years of his death because he wore a hair shirt, practised celibacy and had miracles attributed to him, Casimir was soon attached to Lithuania's age-old struggle with Russia when his apparition appeared at the battle of Polotsk in 1518.

The opera translates these events into surreal scenes where Casimir is mistaken for soldiers and freedom fighters of different ages, while he responds to the appeal of a young Lithuanian peasant woman of his era, "Take a look. See for yourself how much they need you."

The final scene reminds Lithuanians of the most recent humiliations. It was the Soviets, in an effort to suppress Lithuanian Roman Catholicism, who removed Casimir's casket from the cathedral in Vilnius and moved it to the suburbs. The finale of the opera shows Lithuanians of the world uniting in their homeland to put the beloved silver casket back where it belongs.

The opera draws on the considerable talents of other Lithuanians exiled abroad who work with orchestras and operas on two continents. Laima Rastenis, the mezzo-soprano from the Stuttgart Opera, will be singing along with contralto Slava Zemelyte from the Canadian Opera and Santa Fe veteran Lenor Roger Scanlan. The Lithuania world organization gave $100,000 to mount the production, which is being performed by the New Opera Company of Chicago in Toronto's Ryerson Hall before the congress that commissioned it.

Dux Magnus has similarities with a familiar genre of East European opera dating to the middle of the last century, which features characters dressed in peasant clothes singing patriotic songs. While many East European countries are better off now than when their operas were written, Lithuania has certainly earned the commiseration the opera expresses.

FINANCIAL TIMES

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Tuesday September 4 1984

Sinowatz puts his foot down

DR FRED SINOWATZ has cleared the air in Austrian politics hy sacking four ministers closely associated with his predecessor as Chancellor, Dr Brnno Kreisky. It was not a moment too soon for the Chancellor to assert his authority. Damage caused by months of personal aod ideological infigbting within the Socialist Party, senior partner in Dr Sinowatz's coalition, will not he repaired in a day.

The politicat nrocess had become increasingly blocked by a vendetta between Dr Kreisky, Chancellor until April of last year, and his former Minister of Finance, Dr Hannes Androsch, now head of the largest baok in Austria. Dr Kreisky accused Dr Androsch of improper conduct on his personal tax affairs. Though Dr Androsch waa cleared at an inquiry concluded by revenue officials in July, the then Minister of Finance, Dr Herbert Salcher, later submitted supposedly fresh evidence to the judicial authorities. An investigating judge has been commissioned to decide whether there is a case to answer.

This matter, which has overshawodwed Austrian politics for years, is only superfiically one of personalities and their conduct. Benath it lurks the ideological conflict hetween traditional socialists and pragmatists who have accepted that you may moderate hut cannot ignore the laws of the market. As Minister of Finance, Dr Androsch was the standard-hearer of the pragmaticts.

Deficits

Though primarily an internal Austrian matter, this conflict is of crucial importance to two matters reflecting directly upon Austria's role as a generally welcome borrower in international capital markets: the intractable defilcits of both the federal budget and the large block of state-owned iodustries in the country. With the former, some modest progress has heen made under the stewardship of Dr Salcher, hut the budget deficit remains a running sore. As for state-owned-industry, the problem has hardly been tackled.

In Dr Franz Vranitzky, the Chancellor has chosen a Finance Minlster who can make a serious attack on hudget difficulties, always provided he receives the necessary political backing. Dr Vranitzky is the man who marshalled the expertise and political support required to prevent the threatened collapae of the second biggest nationalised hank in Austria. His appointment to bead finance should be welcomed in the international banking world. But it will take time to make hia infiueoce felt: the next budget is due within two months, wbich hardly leaves enough time for a radical revision of financial planning.

Similarly, political will is needed to mitigate the chronic loses of the state-owned industrial enterprises. These have shared in the Europe-wide decline of traditional industries, aggravated in Austria by overmanning and a narrow bome market. It is largely due to an adaptahle private sector of small and medium-sized enterprises that the Austrian economy continues to perform well.

The new minister in charge of nationalised industry, Dr Ferdinand Lacina, comes from the trade union movement. He will certainly not seek bis fortune in wholesale closures or redundancies: nor would anyone else io Austrian politics, of whichever party. But Dr Lacina has a reputation as a realist.

In some ways the most intriguing ministerial appointment is that nf Dr Leopold Gratz, hitherto mayor of Vienna, the most poulous state and a socialist stronghold. Dr Gratz last spring attracted a lot of attention with certain overtures at municipal level to the conservative People's Party. Nothing much bappened, but tbe episode was widely regarded as evidence that strong forces among both conservatives and socialists are bankering after a resumption of the socialist-conservalive coalition

Any sucb Idea is at the very last premature. But Dr Sinowatz's cahinet shuffle could point in the direction of a return towards a more consensual tone in Austrian politics. More immediately, it should help to end a conflict that is certain to do great damage to the Socialist Party, and, eventually, to the standing of the Austrian Government.

Safeguards for investors

IN ASKING the Life Offices Association on June 4 for its views on a self-regulatory agency covering long-term investment products, Mr Alex Fletcher, junior minister at the Department of Trade and Industry, did not allow much time for deliheration. But the LOA has responded within the required time-scale, and has produced a document which is extremely broad in its scope. No less than 18 organisations have endorsed the memorandum, including the Unit Trust Association, the National Association of Securities Dealers and Investment Managers and the Building Societies Associalion, as well as a large number of specialist insurance organisations.

The proposed SRA would cover not just life assurance but a wide range of the long-term investment plans retailed to the puhlic. The only notable absentee, in fact, is the National Savings movement.

It is one of the key planks of the memorandum that there should be just one SRA to cover a large area including life assurance, unit trusts, personal pensions, and building society savings plans. Moreover it is recommended that it should be compulsory for all organisations involved in marketing relevant products, or advising on their purchase, to regiater with the SRA. The governing body of the SRA would be composed primarily of practitioners chosen from the relevant sectors—though some outsiders representing consumer and other ioterests would also be included.

The memorandum argues that compulsory registration would be needed to permit the SRA to impose effective discipline upon the sometimes turhulent world of investment retailing. All salesmen would be required to hold a licence — so the SRA woutd have the ultimate sanction that this could be taken away. Restraints would also be applied to the marketing organisations themselves, with regulation of advertising, for example, and with control over the commissions being paid to iodependent intermediaries — the principle bere being that advice to Investors should not be infiueoced by the availability of higher commissions on one product than aoother.

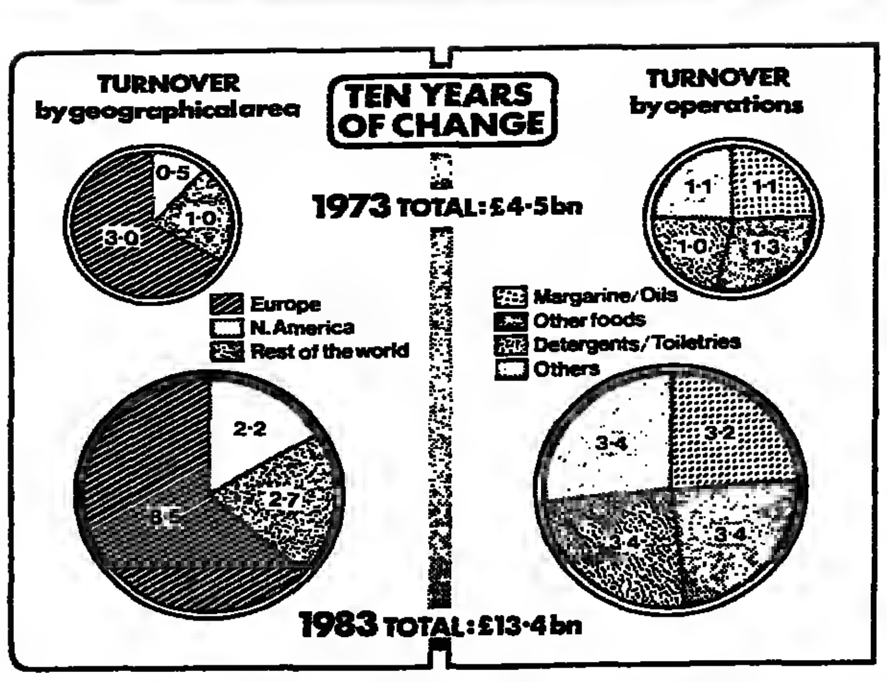
The element of compulsion would add a new dimension to the kind of influence which the existing trade bodies within the sector are able to exert. The Life Offices Association is itself a trade association, membership of which is only voluntary. Consequently, it can proceed only on the basis of a broad consensus—and even so several leading life offices, sucb as Equity and Law or Abbey Life, decline to joint and have in the past resigned over policy disputes. A separate agency called Rolac, the Registry of Life Assuraoce Commissions, set up to regularise the commissions jungle, has found the going tough. But a statutorily backed SRA of the kind envisaged in the memorandum would he ahle to cut through the conflicting arguments and impose a common line. On commissions, for instance, it would be ahle to enforce the suggested Rolac compromise that offices should pay standard rates or be forced to disclose to investors the commissions paid—a course fiercely resisted by life companies.

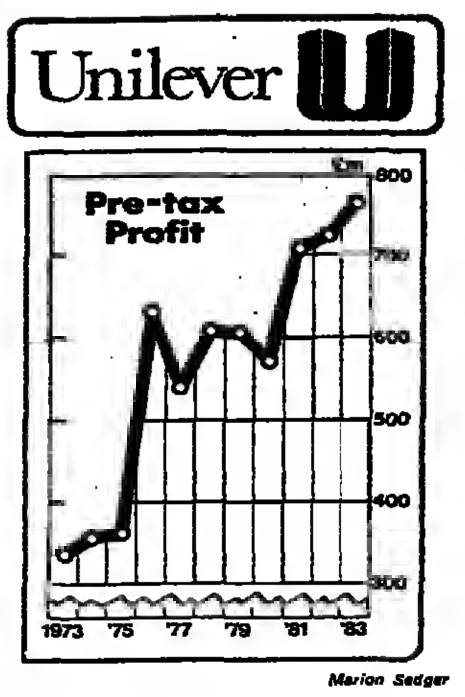
Criticism

The memorandum accepts that such powers should have defined limits — notahly in the existence of a right of appeal to an independent tribunal and ultimately to the Secretary of State himself in extreme cases. Even so, the checks and balances will need to be examined with care. Any structure of regulation which effectively protects the investor mnst involve some restriction of commercial freedom. But It is fundamental that the supervisory body should not be permitted to stifle the processes of competition and innovation within the investment industry.

The main criticism of the paper as it stands must be that it looks rather like a hlueprint for imposing the wishes of the estahlished companies. Small, amhitious companies are normally motivated to seek rapid growth through innovatory products or non-standard marketing techniques. Clearly these could be delayed or hlocked by a conservative agency — and at the very least any element of marketing surprise would be lost if representatives of the large Institutions in the sector carried responsibility for approving plans for advertising and markenog.

It may be, bowever, that these risks could be moderated hy protecting the independence of the full-time officials of the SRA and carefully halancing the membership of the ruling council. Practitioners would be needed to provide expertise, but outsiders would have the responsibility of ensuring that vested interests did not dominate the policies of the agency.





Marion Sedger

Why Unilever is taking the gloves off

By John Makinson and Tony Jackson

UNILEVER, the Anglo-Dutch company as large as a small natioo state, is on the move agaio. Its £335m bid for Brooke Bood is the tatest sign of a oew, more aggressive management style already in evidence in various parts of its far-flung empire.

The group is so large that even this bid, which if successful will turn it into tbe IBM of the world tea business, will have relatively little impact on the balance of its operations. Sceptics suggest that Unilever is so big — with a portfolio of businesses from meat products in Mexico to fish farming in Scotland and the marketing of Guinness in Nigeria — that it ploughs oo remorselessly like a super-tanker, acarcely able to change course.

Unilever's senior management has been battling for years to refute this. It has pointed to productivity improvemeots averaging around 6 per cent a year, to a more rigorous concentration on core businesses and to the possibilities of imaginative, strategic acquisitions.

And this week's bid is certainly completely at odds with the group's image as a cautious and even aedeotary manager of businesses. The offer, which trumps Tate & Lyle's earlier hid for the world's biggest tea group, is both hostile and opportunistic.

Not since 1968 has Unilever made a contested takeover bid of any real size. In May of that year, it offered £60m for Smith and Nephew, the pharmaceuticals group, but was fought off by a hitterly opposed management. Only a few months later, the company entered into merger talks with Allied Breweries but, after the transaction bad heen celared by the Mooopolies Commission, Unilever dropped the idea.

Since then, Unilever has concentrated its takeover efforts on the U.S. and has always secured the agreement of the target company to a takeover before proceeding.

The group is atill looking to buy companies across the Atlantic and the acquisition of

Just too good an opportunity to pass up

Brooke Bond would not change those ambitions. According to Mr Cobb Stenham, the company's finance director, "our U.S. plans are not altered one jot." Unilever, he adds calmiy, would still be in a position to pay $1bn for the right proposition across the Atlantic.

The acquisition of Brooke Bond was probably just too good an opportunity to pass up. By adding BB's tea interests to its own involvement through the Lipton brand, Unilever will create an overwbelming presence in a single market. The two companies' interests fit together so neatly that Unilever had little difficulty yesterday in advancing a persuasive argument for the takeover.

Yet if Brooke Bond is such a marvellous acquisition, why has Unilever waited this long to try and buy it? The answer to that question lles almost certainly with the new management team which has taken over the top. The company politely sidesteps questions ahout the attitudes of earlier Unilever management but there is no doubt that a few yeards ago contested takeovers were simply not considered corporate style.

The group is run by a trio of directors, two of wbom happen currently to be British and one Dutch. Mr Kenneth Durham, the chairman of Unilever in London, is a scientist by hackground and, despite his occasional protestations, a bard-nosed commercial tecbnocrat. "Don't ask me to forecast the future," he told a private gathering of City analysts a few months ago. "I'm just a aimple, theoretical, nuclear pbysicist." He fooled no one.

The London company's vice-chairman is Mr Micbael Angus, who has bene given most of the credit for turning the Lever Brothers operation in the U.S. into profit. Prohahly the most formidable of the trio, bowever, is Mr Fioris Maljers, who, at the tender age of 51, bas a wealth of experience in Unilever's international operations and a repntation and as an exceedingly tough—and, hy group standards, outspoken—executive.

As a group, these men are not only young. Tbey have each bad direct experience of rationalising a trouhlesome area of the group's operations and producing a healthy return at the end of the day. Durham was responsible for turning round the animal feeds business in the lale 1960s and early 1970s, Angus has recently won his repntation in the U.S. and Malpers bas restructured what, if anything, constitutes the core of Unilever: the European edible oil husiness.

The group's efforts to present itself as a more dynamic animal have already been crowned with some success. It has worked very hard on investor relations over the past few years, even though the level of its sbare price is theoretically of little importance to the company.

The complex relationship between the British and Dutch wings of the company effectively precludes the issue of new shares. The upshot of its investor relations drive, however, bas been a surge of interest among U.S. investors, wbo currently own around 20 per cent of the equity of the Dutch corporation, and a growing respect within the London investment community.

Mr David Nolder, a partner of stockhrokers Scrimgeour, Kemp-Gee, says the three-man committee which runs the company is probably the most aggressive group of senior executives seen at Unilever since the war. His views are echoed by Mr David Lang of brokers Heoderson Crosthwaite: "Recent years have seen the evolution of a much more aggressive Unilever top management. The present hid for Brooke Bond is evidence that the apparent change of style is progressive."

Yet, no matter how bold these individuals may be, the sceptics will still argue that there is little Unilever can do to detach itself from trends in the international economic cycle.

Indeed, Unilever's financial performance—and in particular its profit margins—has followed the trend of economic growth in OECD countries remarkably closely. The company accounts for sucb a large proportion of world demand for basic consumer products that some analysts bave argued, you only need to get the basic GNP numbers rigbt and Unilever's profits will pop magically out of the calculators.

The reason for this, say the sceptics, is that the company is still handicapped by its early pre-occupation with the need to cover every aspect of the consumer products industry—from raw materials to toothpaste.

The principle of vertical integration has certainly heen of central Importance to Unilever throughout its history. In fact, the gradual development of that principle over more than 50 years is perhaps the chief reason why the group's apparently diverse sprawl of interests hangs together as well as It does.

The logic of the 1929 merger between Margarine Union and Lever rested on the common use of vegetable oils as raw material —for margarine on the one hand, soap on the other. But the principle was taken much further, in line with a favourite dictum of Lever's founder William Lever—"from the palm tree to the soap kettle."

And so the group came to own palm and coconut plantations, through the United Africa Company; the Palm shipping line, for transport to Europe; and huge oil-crushing mills in Britain and Holland. Soap and margarine use only the oil from crushing, leaving oilcake as a by-product; hence the move into animal feeds. Processing the oil for soap and margarine prodnces otber by-products—the main ones being glycerine and fatty acids—and hence the chemical interests.

Production of branded consumer goods—another of William Lever's pioneering ideas—calls for large scale packaging, and hence the paper and packaging interests. And as for transport and distribution, Unilever is one of the higgest road haulage operators in the UK.

The company is now of such a monumental size that even major acquisitions have little effect on the performance of the whole. When, in 1978, Unilever paid $450m for National Starch of the U.S., the acquisition added no more than 2 per cent to group turnover in the first year. Buying Brooke Bond would have a similar result.

Unilever is alert to these arguments and would not pretend that it can transform itself overnight. It would, bowever, point to a whole string of recent disposals—far outweighing acquisitions in the corporate ledger—and to the slimming of its cost base in Europe as evidence of a much tougher stance. Moreover, the strength of the balance sheet enables it to contemplate acquisitions on a scale which, over time, would have a material impact on the profile of tbe group.

In the past year, for example, management consultants have been combing through every last division of UAC International, a company with significant interests in Africa and a portfolio of operations which is extremely ramshackle even by Unilever standards. Head office is widely expected to take a sharp knife to UACI over the next few years, a policy which would certainly leave the whole group looking rather more coherent. Equally, a $1hn takeover in the U.S. could bring to Unilever a division with more exciting growth prospects than most of its portfolio can offer.

Not that all Unilever's staple food and household products are necessarily ex-growth. The company has been extremely successful in promoting tea as a youthful, healthy drink in the U.S., where it is by far the brand leader. Instant tea, flavoured tea, berbal tea and tinned tea have all proved remarkably successful across the Atlantic.

It is unlikely that, if it buys Brooke Bond, Unilever will persuade the British housewife to hrew up a pot of low-calorie iced tea mix with nutraSweet (a hig U.S. favonrite) but the company has established that changing consumer patterns provide it with an opportunity to add value to commodity products and develop new nicne markets.

Unilever's problem, of course, is that all its competitors are busy playing the same game. The group's impressive productivity record has scarcely improved its competitive position, since other companies have made comparable strides. The concept of marketing consumer products on a global hasis, once considered a revolutionary idea, is now commonplace.

At the end of the day, Unilever is still slugging it out with General Foods for market share in the packaged grocery business and with Procter & Gamble for leadership in the detergents business.

In some respects, even the Brooke Bond bid marks no

Its competitors are busy playing the same game

departure from the established Unilever strategy. Like many of its recent acquisitions, Brooke Bond would strengthen the group's existing interests in a particular area rather than take it into a new field. Moreover, by buying tea plantations which so far Unilever lacks, the principle of vertical integration would be firmly upheld.

For all the carping about the sleepiness of Unilever, the group's shareholders have few serious grounds for complaint. In contrast to Procter and Gamble, which has failed to vindicate a relatively high-risk strategy in recent years, Unilever's more plodding approach has produced profits which last year totalled a record £769m before tax. But, whereas P and G has a clearly defined image and, in the eyes of its competitors, a distinct ethos, Unilever has appeared amorpbous and unfathomable.

Tbe new maangement, in striving to find the balance between continuity and change, may at last he giving the company a personality. And, in a concern the size of Unilever, that would itself be a signal achievement.

THE GLOBAL GIANTS

	Unilever	Nestle	Procter & Gamble	General Foods
Year ending	Dec. 83	Dec. 83	June 84	March 84
Sales ($bn)	19.4	12.7	13.0	8.7
Net earnings ($m)	554	573	890	317
Net margins (%)	2.9	4.5	6.8	3.6

Men and Matters

Marconi out GEC in

What's in a name? Marconi Avionics—a £400m subsidiary of GEC—specialising in black boxes—has announced at Farnborough that it is changing its name to GEC Avionics.

Wasn't it proud of the Marconi name? I asked Jack Pateman, chief executive. After all, there are those who say that GEC bought English Electric in the late-1960s chiefly to get hold of the Marconi name. But Marconi Avionics never was part of Marconi, says Pateman. It was an Elliott Automation division that found itself lumped with Marconi after tha merger.

Pateman says his problem has been "confusion in the minds of people with hom the company has dealings." Pressed oo this "confusion," he admits he objects to "bid arrangements going to other parts of the company."

How much business has be lost? "How do I know?" he riposts.

But, he says, when Americans —who provide his main markets—give him only 30 days to respond to an invitation to hid, he can ill-afford to be delayed for a week while the paperwork lies in someone else's out tray enroute to his HQ in Rochester.

Qvale waits

Kjell Qvale was among the first people to import MG cars to the U.S. Later he became BL's distributor on the west coast. Thus bte is, be says, a little surprised that Austin Rover bas not been in touch now that the BL subsidiary is preparing to return to the U.S. market.

Austin Rover believes that it has the right car—the model code-oamed XX that it bas developed jointly with Honda for a 1986 launch—but it is still cossidering how the vebicle should be bandled in the U.S.

Qvale, who is approaching retirement age, says, "Whether I would want to tackle another job of that dimension is the question. It would be interesting to discuss it though . . . ."

In Britain be is best remembered for his ownership between 1970 and 1976 of the Jensen company. He still has strong links with Europe. He bas a Jaguar dealership, the concession to distrihute Volkswagen, Audi, and Porsche cars on the west coast of the U.S. until the arangement runs out in 2½ years time, and he is heavily involved in the U.S. company which owns the Benelli and Moto Guzzi motor cycle companies, and the Innocenti and Maserati car companies in Italy.

In Britain he is half-owner of Internatiooal Motors, the West Bromwich company which was set up in 1976 to service the Jensen cars, and developed as the importer of Japanese Subaru and Korean Hyudai cars.

Qvale intends to sell his balf-ahare in International in a couple of years time. How moch will it be worth. He thinks for a moment and then estimates a net value of about £15m.

Morgan men

An energetic foursome from Morgan Guaranty in London is settiog up a new company to deal in Eurobonds, zero bonds and U.S. bonds, plus a few equities.

David Craig, the maoaging director of the newly-formed International Financial Markets Tradiog Limited, is one of four bright sparks who have left the rich pastures of Morgan Guaranty to graze for themselves.

Craig, aged 36, worked for Hambros in the 1970s and then moved to Morgan Guaraoty. The remainder of his team comprises Richard Atkinson, Jean Francois Buisseret and Leonard Gayle.

The four have not yet opened for business at their Cornhill headquarters. But they have attracted $25m of capital from 13 backers including Electra Risk Capital, the National Coal Board, Sun Life, Lazards and various Continental bankers.

Clearly a lot of serious money believes that the international debt and equity markets are by no means fully exploited.

Tour of Tokyo

Tokyo bas at last arrived as a truly international city. La Tour d'Argent, proud possessor of three Michelin stars for an unbroke 50 odd years, and just past its 400th birthday, is opening its firt-ever hranch restaurant, the Japanese capital.

The reason is that Yonetaro Otani, once a humhle sumo wrestler, and the founder of the New Otanl hotel, wbich happens to be the biggest in Asia likes to add something to his emplre every September.

On a trip to Paris he sat next to someone who knew someone wlio thonght there might be possihilities.

It is not that Tokyo lacks prestigious restaurants or even good Frencb one; In fact; it is awash with them.

But no name carries the lustre of a Tour d'Argeot, for the very simple reason that, as most Japanese koow, the Emperor dined there twice—one in the early 1920s when still crown prince and again 50 years later wbile on an official visit to Fraoce. Even the serial numbers of the pressed duck he consumed on hoth occasions are imprinted on the imperial memory.

Mr Otani laid siege to La Tour d'Argent, encountered strong resistance, but pressed on. He eventually gave carte blanche ao that the Frencb management could maintain quality control.

This It has done by seconding its deputy bead chef, plus a few other key personnel to preside over the Japanese estahlishment. When the Japanese side volunteered to supply ducks from one of its farms, the French sniffed and declared the Japanese duck products to be too pungent to be worthy of the restaurants most famous dish.

Only air-freigbted French ducks will be served.

No Monopoly

It was, with out douht, an excellent public relations idea. Professor Ralpb Anspach, professor of economics at Berkeley, California, invented a new game called Anti-Monopoly. The claim is that It atarts where one of the most successful board games ever, Monopoly, leaves off.

To publicise the new game a narty was arranged at the Mayfair Hotel yesterday. The story line was that Anspach was down to his last dollar after having spent nine yeara fightine legal suits in the U.S. — largely against General Mills, the U.S. company controlling Monopoly.

A large contingent of security guards was hired to look after the promised $1m which the banks were to loan for a counle of hours — so that the pbotographers could picture him in the money.

But the promised $1m turned out to be only $4,000. In the circumstances the guards were necessary.

Nonetheless, Anspach believes he mav make $1m out of his eame. He has sold 600,000 sets in the U.S. already. In Britain his target is 100.000 sets this year at £7.99 eacb.

Cabinet status

The building societies have not brightened their Image with heir annual fact book reteased yesterday. The cover is a picture of a grey filing cabinet.

Observer

Letters to the Editor

Management education

From the Principal, London Business School

Sir,—I read with interest the article (August 22) by Michael Dixon "Survey gives MBAs the thumbs down" but found it difficult to recognise my own school in many of the assertions based on a report—as yet unpublished—*from Harbridge House Europe*. May I, however, respond to a number of the comments made in the article in order to put London Business School in perspective as regards its MBA programme.

Places are extremely competitive. There are about five applications for each of the 110 annual places on the full-time programme, and 10 per place for overseas applicants. With the part-time programme, for which most applicants are company sponsored, applications are running so strongly for our entry next January that the tempo of publicity has been *deliberately* lowered to avoid undue disappointment. On the objective measures available, our intellectual standards are at least equal to those of leading world business schools.

Applicants have substantial work experience. The average age on MBA graduation is 29 years for the full-time programme, and some three years older for the part-time programme. Expectations are then high, but so is tha graduate's willingness to justify himself or herself.

Graduates have been widely recruited. The 800 LBS graduates over tha last 12 years who sought jobs in the UK went into 400 different companies, of whom about three-quarters were UK based. Under 10 per cent of graduates went into consulting.

The industry spread has widaned. The school's first graduates (1968) went primarily into manufacturing industry. In more recent years, graduates have wanted to widen the range of opportunities. Our placement programme and the formation of sector clubs has helped them to do this. Over 200 *companies* come each year to interview graduates, while many others interview at their own premises. Graduates on average get around four job offers each.

We are certainly not complacent and take all criticisms seriously. We exist to enhance management standards in the interests both of the individuals and of the economy generally. Other countries, e.g. Germany and the U.S., take management education extremely seriously and believe that it is an important, but not the only factor, in higher economic performance. We, and others, are attempting to rectify this gap in the UK and believe that constructive assistance, from all the parties concerned, can help us to achieva significant results in the fullness of time.

(Professor) P. G. Moore.
Sussex Place, NW1.

Poor British car purchasers

From Mr J. Thomas.

Sir,—How predictable to see the director of the Society of Motor Manufacturers and Traders (August 24) and the president of the Motor Agents Association (August 28) leaping to the defence of the present cartel operated by motor manufacturers and dealers.

What about tha poor British car purchaser, who seems to have been subsidising most of Europe for at least the past four years?

If car prices were more in line with the rest of Europe then maybe motorists like myself would change their cars more often, whereas at present seeing the pitiful defence of the present cartel makes me want to keep my present car for many years until we British are at least treated like Second Rate Europeans (to which we are accustomed) rather than Third Rate Europeans as the Multi National Car Manufacturers obviously feel we should be.

In tha meantime I hope the Financial Times continues to give publicity to this continuing racket—a situation which both European and British Parliaments seem incapable of dealing with.

J. R. Thomas.
33, Birshill Crescent,
Birchill Park,
Onchan,
Isle of Man.

The certainty of uncertainty

From Mr T. Lomas

Sir,—Although I would agree with Mr Beck (August 29) that the only certainty about any *forecast of the future is its* uncertainty it would be a pity if his criticism of the misuse of logic and mathematical models in the production of forecasts should detract from their real valne when used intelligently. Mr Beck is, presumably, not attacking logic and mathematics per se?

I would suggest, Sir, that if a hammer is used to drive home a screw the resultant disaster is the fault neither of the hammer nor the screw but that of the operator for so clumsily misusing the two most useful devices.

The undoubted value of logically based mathematical models lies not in their predictive ability but rather in their facility for the exploration of the likely consequences of alternative actions based on various sets of assumptions or, to put it more simply, the examination of "What if?" type questions.

T. Lomas,
21 Clarence Road,
St Albans,
Herts.

Likely to end in tears

From the Chief Economist, Quilter Goodison and Co.

Sir, — Anatole Kaletsky's assessment of the U.S. fiscal policy/natural rate of unemployment debate (August 14) is a little unkind to those who argue "that the unemployment rates in Europe are already at or below their 'natural' or non-accelerating inflation levels . . ." (among who he numbers Mr Lawson, the Organisation for Economic Co-operation and Development and the International Monetary Fund.)

He cites four arguments in favour of "a deliberate boost to Europe's growth rate" and against the "natural rate" school. A major part of the current unemployment in Europe is "almost certainly cyclical, rather than structural . . . ," tha U.S. experience, nominal GNP targets (which could act as built-in *stabilisers* for an aggregate demand boost) and "a tendency for the 'natural' rate . . . to rise towards whatever level actually prevails in the labour market."

Few would dispute that some of the current unemployment in Europe is cyclical. There is no inconsistency in accepting that and also maintaining that an aggregate demand boost is ill-conceived. A body of theory now exists demonstrating that economies may experience classical unemployment (due to non-market clearing real wages) and demand-deficient (Keynesian) unemployment, *simultaneously*; eg, when actual unemployment is above the natural and inflation is decelerating.

But this does not mean that the correct policy response is demand reflation, which was rapidly dissipated in higher inflation rates in Europe throughout the 1970s. Since we do not know precisely how the overall unemployment figures decompose into classical ond Keynesian unemployment, building macro-economic policies on hopeful guesstimates of the natural rate is likely to end in tears. Also, judging by European inflation rates, which are certainly no longer decelerating it seems improbable that the European economics are operating much above their natural rates; a strong blow for the case for unsustainable growth.

American experience *supports this* observation. The strength of the recovery was under-estimated by Keynesian macro-econometric forecasts because such models failed to incorporate the impact of the unanticipated expansion in monetary policy during 1982-83 which has had substantial real economy effects.

The fiscal deficits had little impact on output and employment until monetary policy eased, although they have probably helped move the economy in the short-term from tha very depressed level of capacity utilisation in 1981-82.

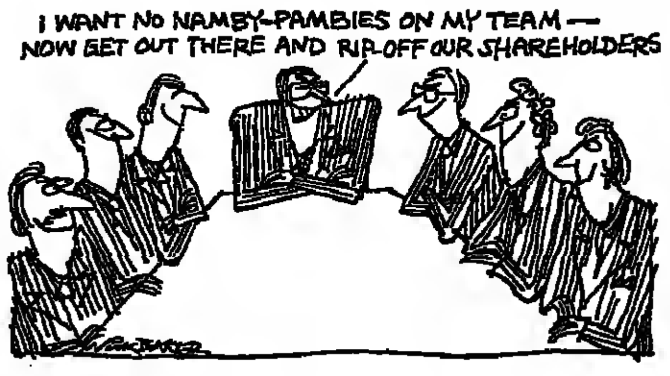
In any case, the employment gains have not been as spectacular as Mr Kinnock would have us believe; at 7.5 per cent; the unemployment rate is still above the U.S. natural rate (hence U.S. inflation remains subdued) and the proportion of permanent employment gains is relatively low.

On nominal GNP targets, I cannot see how they form any part of a case for demand reflation. The levels at which such targets are set are independent of their operation. Also, central banks operate quasi-nominal GNP targets in setting monetary growth ranges combined with velocity projections.

Any tendency for the natural rate to rise towards the actual rate reflects an uncompetitive labour market in which mobility is low (due to mortgage subsidies, non-portable pensions, etc). Merely reflating aggregete demand does not address the cause of tha problem. The more flexible U.S. labour market bas not displayed this tendency.

Overall, the real test of the U.S. experience is how long its recent employment gains will last. "Classic, demand-led recoveries" have a habit of slowing fairly rapidly.

Robin R. Marshall.
31-45, Greshom Street, EC2.



Independent directors

From the chairman, Wider Share Ownership Council.

Sir,—Mr Peter Brown (August 30) understates his case. No decision either to take or to recommend action involving or likely to involve a transfer of resources from shareholders to executives should be made by the executives themselves. This obviously applies just as forcibly to the introduction of a share option scheme as it does to the remuneration of executiva directors.

It will be *tragic if these share* option schemes, conceived with the admirable objective of giving executives a stake in the fortunes of their company and a consequent incentive to increase its profitability, become discredited as a result of actions which are simply calculated to benefit the executive at the shareholder's expense.

Edgar Palamountain.
136, Hayes Lane,
Kenley, Surrey.

Airline routes and market forces

From the Deputy General Manager Policy Licensing, Civil Aviation Authority

Sir,—Mr David Lindsey (August 15) and Mr Brian Murphy (August 23) put questions to the Civil Aviation Authority about how its proposals for airline substitution on some routes are consistent with a belief in competition and market forces.

If international scheduled air services operated in something like a free market these questions would be very pertinent. Bnt they do not and although the Government and the CAA would like to see a more open system the fact is that there are very few countries indeed which would accept the right of airlines to come and go as they please. Mr Murphy's analogy of Marks and Spencer breaks down because there are no artificial barriers preventing smaller shops which wish to compete with it from doing so.

The recent review of civil aviation has therefore bad to consider bow competitive balance can ha achieved in an industry in which one airline has a dominant share of the British effort and where, because of the positions taken by foreign Governments, the option of licensing additional airlines to compete freely with it is simply not available on most scheduled international routes. After extensive consultation and detailed analysis, it concluded that the transfer of routes which together amount to some 7 per cent of British Airways' scheduled service revenue was necessary if a competitive structure and the advantages which flow from that are to be sustained.

T. C. Bass.
45-59, Kingsway,
WC2.

What the consumer wants

From Group Captain B. Grant

Sir,—Mr B. Murphy (August 23) would be interested in what the Government has to say in answer to his questions on the rights of individnal employees and customers affected by the Civil Aviation Authority report. Since the Government's capacity to vacillate over the clear CAA's professional advice is now measured in months, I doubt that be can expect too much by way of early response from that quarter.

I believe, however, his questions are capable of quick and clear dispatcb.

What the consumer wants is firmly based competition to produce competitive airfares, good services and a sensible development of our airports. In other words, choice. British Airways has *many monopolies*, but qnality of service is not one of them. The consumer would, by any reasonable measure, be disadvantaged less and gain far more from the change than he is from the status qno.

What those employed in aviation seek is legitimate security of employment and expanding opportunity. In my experience, where action to secure this aim is clear, transitions are made, albeit by some with initial reluctance. The examples are too numerous to mention in detail; but the private sector has many ex-service men who successfully transferred from military to independents in civil aviation.

As to the CAA's proposals being analogous to parts of Marks & Spencer being given to small shops. I bad no idea that my underwear supplier operated under government franchise nor that there are no British Home Stores, C & A, Littlewoods, Debenhams, etc., in Muswell Hill to provide balanced competition.

(Group Captain) B. P. Grant,
Fagus,
65 New Town,
Copthorne,
Sussex.

Opposition to any transfer

From the Chairman, Airport Committee, West Midlands County Council.

Sir,—Michael Donne'a report, August 23, quoted me correctly in relation to the comments I made following the recent *applications by British Midland* Airways to operate tha present British Airways routes at Birmingham Airport.

The lead in to my comments, however, and the article's heading do suggest some misunderstanding of the point being made. We, at Birmingham, are not critical of airlines wishing to introduce route applications and therefore are not critical of BMA for applying

What we are saying is that we do not wish to see an airline removed from the airport, quite the opposite. Our fundamental criticism of the Civil Aviation Anthority proposals is that substitution of one airline for another does nothing to develop the quality of service that is availabla at the airport or introdnce any competition and for this reason we are opposing the CAA proposal to transfer routes.

Colin Beardwood,
Birmingham Airport.

Support for portable pensions

From the Head of Policy Unit, Institute of Directors

Sir,—The Institute of Directors survey questions on *pensions* which caused Mr M. H. Oldfield (August 31) so much alarm are an indication of a strong measure of support among company directors for the thrust of tha Government's plans to facilitate greater personal involvement in and portability of pension provision.

Directors were asked whether or not they approved of the Government's proposals: a different question to that which Mr Oldfield sought to answer, whether they were already making sucb arrangements.

Equally, it is not a direct comparison to contrast the likely future intentions of respondents' companies to take advantage of the proposals, with the number of directors currently making addirional voluntary contributions to their own pensions.

Perhaps it should only be expected that the changes which the Government plans to make, accompanied by the upsurga in interest in the life and pensions industry in portability, are causing directors to start considering new possibilities for company schemes.

G. C. S. Mather.
116, Pall Mall, SW1.

Reasons for arms control

From Mr D. Cormack

Sir,—"Arms control is a subject which, almost by definition, does not lend itself easily or fruitfully to ethical discussion," writes David Earnshaw (August 29). Ethical questions "vitiate," he says, "more realistic assessments of the international political environment."

It was an ethical revulsion against the Nazi programme of genocide less than 40 years ago that caused us to distinguish "crimes against humanity" from military and political means and ends. If we now lose sight of the ethical reasons for arms control, there may not be another generation to hold us guilty of crimes against humanity.

Mr Earnshaw cannot be surprised that those who hold ethical objections to the threatened use of nuclear weapons (on however "limited" a scale) go far beyond churchmen and women, philosophers, writers and artists, mothers. In fact, the only people left out in the cold of political "realism" seem to be the politicians, yet they are the ones who will kill us all if we let them.

David Cormack.
91 Kirkdale, SE26.

GEOSTATIONARY SATELLITES

Battle for a place in space

By Peter Marsh

GOVERNMENTS AROUND the world are preparing themselves for a series of battles over what may seem an unlikely natural resource—segments of nothingness far above our heads at about a tenth of the distance between the earth and the moon.

The arguments bave similarities with other debates that have split the world along North-South lines, for example about how to allocate tha mineral riches of tha seabed or of Antarctica.

On this occasion, the discussion concerns something less tangible (but no less important) than possible supplies of materials—tha vantage point that a particular section of the heavens provides for practitioners of computer and communications technologies.

A ring in space some 36,000 km above the Equator is the perfect position in which to site communications satellites. In this arc, called the geostationary orbit, space bodies move at the sama velocity as the Earth.

They appear to hover above a fixed point on the globe's surface, so acting as a convenient relay site between radio stations.

Tha industrialised world accounts for virtually all the 120 or so satellites that are transmitting and receiving in tha geostationary belt. (Another 80 are physically in position bnt are no longer active).

Governments and commercial organisations will inject into the orbit over the next six years about 200 more satellites, according to Arianspace, the French company that sells rocket launchers.

The demand is so great that some developing countries fear they will be squeezed out of prime positions in the orbit, providing them with another handicap to competition with the Western world in information-technology industries.

In a move that the West has so far resisted, the Third World has called for a rigid planning system to carve up the resource in a detailed way to give every country a fair share.

Physical room is not the problem—the geostationary circle stretches for 260,000 km, or about seven times the circumference of the earth. Scientists have calculated that even if the orbit were filled with the absurdly high number of 18,000 satellites, then one craft would on average collide with another only once every 400,000 years.

THE CLUB

Country/ organisation	No. of geostationary satellites
U.S.	47
Soviet Union	30
Intelsat	17
Japan	6
European Space Agency	6
Canada	5
Indonesia	3
Italy	1
France/Germany (joint)	1
France	1
Britain	1
India	1

Note: only active satellites included. Sources: ITU and industry information.

Europe's Ariane

The difficulty is that the frequencies used by communications satellites are limited oy international agreements that govern use of the airwaves. Tbe vehicles must share a small section of the frequency spectrum.

To avoid overlapping of beams and electrical interference, satellites must be spaced apart by as much as 4 degrees of the geostationary circle—so restricting the number of craft that can be squeezed into the orbit.

Overcrowding promises to become particularly acute in sections of the ring where a lot of countries lie within tha same relatively small range of longitudes. An area ripe for confrontation concerns the slice of the arc which Western Europe's satellites would bave to share with any that African *nations inject into orbit.*

The Third World's arguments are not as academic as they might seem. Among developing countries that hava announced plans to launch geostationary satellites are Colombia, Mexico, Brazil, Cuba, Iran, Pakistan, Nigeria, Peru and South Korea.

These conntries want to join the "geostationary club." This currently comprises the U.S., Soviet Union, Canada, Japan, Britain, Italy, West Germany, France, India and Indonesia, together with transnational groups such as the European Space Agency and Intelsat (a consortium that operates satellites for international telephone calls).

The arguments over carving up the geostationary resource were rehearsed at a meeting last month of a working group of the International Telecommunication Union, a technical agency of the United Nations. The ITU has the unenviable task of sorting out countries' grievances over radio and telecommunica... [illegible]

The gathering, in Geneva, featured a series of five papers given by developing nations that have proposed new ways of *dividing up the orbit*. The proposals would change or dispense with the system in which slots are allocated.

Under current procedures, countries advise the ITU of the satellites they would like to place in orbit. Engineers examine the characteristics of the proposed *spacecraft—fre*quencies, beam spread, signal power and so on—and ensure that the signals will not interfere with other transmissions.

The leading countries seeking to change the rules include Colombia, India, Algeria, China and Iran.

The reformers say that the current system enshrines a "first come, first served" approach under which countries which have obtained slots in the past automatically gain the right to keep the best positions for themselves.

Tha most radical suggestion is to produce a plan for as long as 20 years which would give every country a set series of orbits for specific telecommunications applications. The plan would to some extent take into account existing satellites but would dispense slots to countries as a basic political right.

A *precedent* for a new scheme for geostationary satellites is the series of agreements hatched in 1977 and in 1983, which produced a set of slots in the geostationary ring for TV broadcasting vehicles.

The Third World has said that something approaching this system could be applied to satellite links between fixed points. Not so, say the developed countries.

To provide a rigid set of rules that legislate for all the types of communications traffic would be horrendously difficult.

The arguments will come to a head next August, at a five-week meeting of *all the* 150 or so members of the ITU. The gathering, one of a series of world administrative radio conferences that divide np sections of the airwaves, has been called expressly to work out a new set of rules to govern use of the geostationary arc.

So mammoth is its task that the gathering is in two parts—it will reconvene in 1988 by which time the ITU bopes the issue can be settled.

The industrialised countries feel that one of their strongest cards concerns cbanges in technology that, by relieving pressure on frequency space, could make new regulations unnecessary. For example, since the U.S. launched the first geostationary satellite in 1963, engineers have devised ways of squeezing more radio traffic into a set frequency channel.

Led by the U.S., the industrialised countries hope that over the next 12 months, in informal meetings with the Third World, they can propose enough technical arguments to tone down demands for a revolution in satellite allocation procedures. In this way, possibilities of a confrontation next summer will be minimised.

But the U.S. has also hinted that if the other countries fail to see its point of view, it would take the matter very seriously. With the Reagan Administration generally disillusioned with aspects of UN machinery, that could even lead to a threat to repeat the bard line it took with Unesco and pull out of the ITU.

FINANCIAL TIMES

Tuesday September 4 1984

POLITICAL CRISIS DEEPENS AS PERES ATTEMPTS TO FORM COALITION

Israel may face new elections

BY DAVID LENNON IN TEL AVIV

ISRAEL'S POLITICAL crisis deepened yesterday as Mr Shimon Peres, the Labour Party leader and Prime Minister-designate turned again to the small religious parties in an attempt to form a narrow coalition government.

Efforts to form a government of national unity with the Likud bloc, led by Mr Yitzhak Shamir, broke down at the weekeod and if the religious parties will not support Labour, the only alternative appears to be new elections to break the deadlock.

Mr Peres said yesterday that that was the worst possible option, considering the country's "catastrophic" economic position.

Israel's central bank yesterday submitted a set of economic measures to the Government designed to correct the country's rocketing inflation and balance of payments deficit and to renew growth.

The austerity measures would restrict the money supply, cut real wages and subsidies and reduce government spending.

Observers in Israel were not prepared entirely to rule out the possibility of a national unity government, saying that the hardening of positions at the weekend may bave been a tactical move by Likud to try to win more concessions from Labour.

If both main parties remain adamant, Mr Peres will have to try to form a coalition without Likud. For that, Labour would need the support of at least two of the small religious parties that backed the Likud in the outgoing government.

So far they have shown no signs of any willingness to join a narrowly based coalition under Mr Peres. The National Religious Party told Labour and Likud officials at meetings yesterday that it would join only a broadly based coalition.

Labour politicians accused the Likud of causing the collapse of the national unity talks on Sunday night by going back on an agreement reached last week between Mr Peres and Mr Shamir. The Likud made new demands because some of its ministers felt that the agreement between Mr Peres and Mr Shamir was too beavily weighted in favour of Labour.

Mr Shamir demanded that the Prime Minister's post in a unity government rotate each 12 months, instead of 25 months, which Mr Peres termed "ridiculous." Likud is now also seeking rotation of the defence portfolio, and there are sharp differences over the question of Jewish settlements on the occupied West Bank.

Bank of Israel proposes austerity programme, Page 4; Hapoalim results, Page 15

Liberals face heavy defeat in Canada

BY BERNARD SIMON IN TORONTO

CANADIAN VOTERS are expected to give a strong mandate to the opposition progressive Conservative Party in today's general election, ending 21 years of almost unbroken Liberal Party rule.

Mr John Turner, Prime Minister since Mr Pierre Trudeau resigned at the end of June, faces the humiliation of being Canada's shortes serviog Prime Minister this century, as well as losing in the Vancouver constituency, where he is standing for election.

Opinion polls are unanimous that the Conservalives, led by former iron-ore company president Mr Brian Mulroney, are set for a countrywide sweep. If the polls are correct, the Tories will win enough votes in the election to form a majority government in the 282-seat House of Commons. Most polls reflect, however, a substantial number of undecided voters.

The party is expected to achieve a particularly significant breakthrough in Quebec, wbere it holds only one of 75 parliamantary seats. Observers predict that the Tories will win at least 20 seats in Quebec. When parliament was dissolved at the end of June, the Liberals held 135 seats, the Conservatives 100 and the socialist-leaning New Democratic Party 31. The rest were vacant or held by independents.

The snap election was called by Mr Turner barely a week after taking office, in the hope of capitalising on a sudden surge in the Liberals' showing in the polls, after Mr Trudeau's resignation and publicity generated by the contest for a successor.

He began the campaign by promising n break with unpopular Trudeau policies, proposing a big cut in the budget deficit and more business-oriented energy and investment policies. However, in an effort to sbore up support among lower-income and ethnic groups, traditional backbones of the Liberal vote, Mr Turner was forced to move back towards the left during the latter stages of the campaign.

He retained senior Trudeau ministers in his Cabinet and brought several Liberal Party power brokers into his campaign team, thus failing to attract many voters who most of all want n change from the style and policies of the Trudeau era.

The Liberals' predicament was highlighted by Mr Trudeau's appearance at several campaign meetings in Montreal late last week. It is an open secret that relations are cool between the former Prime Minister and Mr Turner, who resigned as Finance Minister from the Trudeau Government in 1975. The two men have not once appeared on the same platform during the campaign.

The Conservatives have shrewdly moved to the left during the election run-up, taking care to avoid hints of tax increases or social spending cuts.

Sensing victory, Mr Mulroney has nvoided specific policy statements in the past few weeks, sticking to the Conservatives' main theme of offering a change from the long period of Liberal rule. Mr Mulroney is the Conservative Party's first leader from Quebec, and his roots in the province are a key factor in the recent revival of the Tories' fortunes there.

The Conservatives bave also had the advantage of a highly efficient organisation supported by the "blue machine" of Ontario's powerful Conservative Primier, Mr Bill Davis.

The New Democratic Party, whose main strength is among trade unionists and on university campuses, appears to bave recovered some of the ground lost earlier in the wake of weakening trade unino influence in the economy. The NDP may play a pivotal role in the next government if neither main party wins an overall majority.

Sinowatz picks his own team in Austria

BY PATRICK BLUM IN VIENNA

DR FRED SINOWATZ, the Austrian Chancellor, reshuffled his Government yesterday, making a clean sweep and cutting the umbilical cord that tied him to Dr Bruno Kreisky, the former Chancellor and Socialist Party leader, to establish his first independently chosen team.

The new government strengthens the pragmatic right and marks a clear hreak with the era of Dr Kreisky, whose shadow had often eclipsed the less charismatic Dr Sinowatz.

Four ministers – Dr Herbert Salcher, Finance; Herr Erwin Lanc, Foreign Affairs; Herr Karl Lausecker, Transport; and Frau Elfriede Karl, Family Affairs, all close to Dr Kreisky – lose their jobs.

They have been replaced by men and women who either bave a long friendship with Dr Sinowatz, such as Herr Leopold Gratz, the new Foreign Minister, or who represent the more conservative wing of the Socialist Party, such as Dr Franz Vranitzky, Finance Minister, and Frau Gertrude Fröhlich-Sandner, who takes over at the Ministry for Family Affairs.

Herr Ferdinand Lacina, until yesterday the moderate and technocratic Secretary of State for Economic Affairs in charge of industry at the Chancellery, will combine some of his former duties in his new position as Minister for Transport and the Nationalised Industries.

The three Liberal Party ministers in the coalition Government are keeping their posts.

Explaining the changes, Dr Sinowatz said yesterday that the Government was now confronted by new tasks and challenges and that the Government had to be changed to meet them.

With his new team, Dr Sinowatz hopes to stem the sbarp decline in the Government's and the Socialist Party's popularity. The Socialists' share of the vote has been falling steadily since the coalition with the Liberals was formed in May, 1983, after the Socialists lost their overall majority in a general election the previous month. Some of its support has been going to the conservative People's Party, some to the greens, (environmental party) and the rest just falling away.

Since the coalition Government was established, Dr Sinowatz never appeared fully in control. Although be repeatedly rejected suggestions that his was an interim administration, internal party feuding seemed at times to paralyse the Government. Important decisions were deferred as left and right-wing factions fought out their quarrels in public.

Dr Sinowatz was not belped in his task by constant sniping from the sidelines by Dr Kreisky.

The most significant change is the removal of Dr Salcher and his replacement by Dr Vranitzky, until now head of the Österreichische Länderbank. Dr Vranitzky's appointment has been welcomed by bankers, wbose relations with his predecessor had become increasingly strained, if not outrigbt hostile. They hope he will hring a note of financial realism to government economic policy.

Herr Gratz, the mayor of Vienna, who now takes over at the Foreign Ministry, has had relatively little experience in foreign affairs. He was Education Minister for about a year before resigning in 1971.

Herr Gratz has been mooted as the Socialist candidate for the presidential election in 1986. His most likely opponent then will be Dr Kurt Waldheim, former UN General Secretary, who is expected to stand for the People's Party.

Frau Fröhlich-Sandner is a former teacher and Vienna education administrator

Editorial comment, Page 12

Brooke Bond spurns Unilever

By Ray Maughan in London

BROOKE BOND, the tea and meat extract group which is resisting a £324m ($424m) offer from Tate & Lyle, yesterday rejected a £355m cash counter-bid from Unilever, one of the largest companies in Europe.

The defence said that Unilever's terms of 114p a share were "unattractive considering Brooke Bond's profits and prospects and the absence of any alternative consideration may cause shareholders capital gains tax problems."

Meanwhile Tate & Lyle, the sugar refiner, is considering its response to Unilever's weekend intervention and expects to set out its next move later in the week. The signs are, however, that Tate is preparing to bow out of the contest in the face of the strength of a very much larger adversary.

Mr Neil Shaw, Tate's managing director, said: "I think from an institutional point of view our price is not out of court, but we do not have n lot of leeway and we will not use all we have because we do not think Brooke Bond is worth a much higher price. After all, we are not Unilever."

Tate's terms are worth 104½p a share, taking its own share price at 382p, up 10p, but Brooke Bond is still well clear of both offers and closed last night at 117p, up 3p.

Unilever's interests in the tea market, held through Thomas Lipton, operate almost entirely outside the UK, and its strongly branded grocery products such as Wall's and Bird's Eye, are seen as offering a good commercial fit with Brooke Bond's own plantation and packaged grocery products.

The manner of Unilever's approach, however, initiated last Friday without disclosing a hid price, appears to have eliminated any immediate prospect of agreement between the two sides. Sir John Cuckney, the chairman of Brooke Bond, said although he doubted wbether such a merger would be referred to the Monopolies and Mergers Commissino, he was "disappointed" by Unilever's tactics.

Unilever has been following the contest between Brooke Bond and Tate & Lyle since hostilities began at the end of July. Because the defence is advised by Lazard Bros, Unilever's usual merchant bank, the Anglo-Dutch group called in Morgan Greofell.

In the past few weeks Unilever bas acquired 4.8 per cent holding in Brooke Bond, which compares with the 1.21 per cent holding accumulated by Tate & Lyle throughout the course of its own offer.

It remains open to the two other parties which are believed to have been negotiating informally with Brooke Bond to launch a serious counter offer.

See Lex, this page

THE LEX COLUMN

Just Unilever's cup of tea

If there ever was a white knight waiting to rescue Brooke Bond from the unwanted embrace of Tate & Lyle. Unilever would not seem to be it. Although Unilever's cash bid of 114p a share appears to knock Tate's aspirations on the head, it has met with only the most grudging of receptions from Brooke Bond. Gratitude for the rescue does not extend to acceptance, at this level anyhow.

Since Tate has reportedly already had something of a mauling from its institutional shareholders over the existing bid – and could expect more for raising the stakes – the fact that Brooke Bond's share price is above Unilever's opening shot, at 117p, lends credence to the thought that there migbt still be a third contestant.

The uncannily good fit which would result from injecting Brooke Bond's brands into the Unilever grocery list makes this deal much more appealing than the offer from Tate. It would make Unilever the world number one in tea by miles, and there is an almost equally tasty blend to be made from mixing Oxo with Unilever's own bouilon output.

Unilever finds the whole Brooke Bond range uniformly appetising – with the obvious exceptions of Mallinson Denny and the butchers' shops. There is scope for eliminating overlaps in research and marketing. As if this were not enough, Unilever's shareholders stand to see an addition of about 5 per cent to earnings per share on the basis of Brooke Bond's estimated earnings.

In theory Unilever could still afford to pay about balf as much again without short-term dilution. Even if no American interloper appears, it might very well be persuaded to sweeten the terms a little. These Brooke Bond earnings are clearly at the top of that group's compass, however, while tea plantations in Asia can – as Unilever must be aware – prove rather n mixed blessing.

Citicorp/Kemp-Gee

You could almost hear the eggs breaking at Vickers da Costa yesterday as the next omelette from the kitchens of the City Revolution hit the public menu. Stockbroker mergers have always been notoriously difficult to pull off and it will be little comfort to anyone in Vickers' domestic operation that one of the few recent successes was based on a thorough shake-out of J. and A. Scrimgeour by Kemp-Gee in 1980 – to put together the firm which Vickers will now be joining.

Citicorp, which plans to take full control of the merged firms in due course, only acquired its interest in Vickers last November. The U.S. group is clearly in no mood to dilly dally on its way to a global securities business. Combining SK-G's powerful UK presence with Vickers' overseas operations should take it n long way down that road. However, Citicorp will now have to pull together the component parts of the business – in marked contrast to both Security Pacific and the Hongkong Bank, which have picked up ready-to-use international firms – and Vickers' eventful ride on the Citicorp wagon will not have gone unnoticed at SK-G.

How effectively the bank's terms will have smoothed away any fears on this score is far from clear, with incentive schemes and the like having to mitigate a fairly concentrated ownership of SK-G equity. None of the partners will be under any illusion about retaining full autonomy, however, so all eyes will need to focus on the potential rewards of turning Citicorp capital into UK dealing profits in the reformed City.

The scope evidently exists, too, for SK-G to expand overseas; but the most obvious direction for the emerging group would lead it towards the institutional market in the U.S. – and only Citicorp can judge the legal obstacles on that route.

Barlow/Bibby

Barlow Rand's proposed acquisition of J. Bibby is a deal which in principle makes plenty of sense for both companies. Barlow has an obvious need to increase its non-South African exposure and ownership of Bibby would also widen its spectrum of products. From Bibby's point of view – that of a company diversifying away from agriculture in an industrial direction – it seems attractive to fall in with a large and muscular partner which has similar ideas.

To replace the long established minority shareholder, Tiger Oats, with its ultimate parent fits in with this thinking since Tiger is itself busy deepening its interest in the food industry.

The possibility of a bid from Tiger bas glimmered through Bibby's share price for a decade, and since Tiger came into Barlow's hands the probability can only have increased.

The price for control of Bibby has also been ploughing upwards more consistently than almost anything in the London market, however. Although that means a handsome profit for Tiger, at 293p – up 86½p yesterday – the likely exit multiple must be something like 20 times 1984 earnings. Moreover, the goodwill included in such n price would amount to about £180m, quite a lot to write off at one go.

Details of the financing have still to be hacked out, working through thorny problems such as South African exchange controls and the willingness of Barlow's main shareholder – Old Mutual – to face dilution.

UK coal board and miners plan new talks

Continued from Page 1

Mr Scargill himself made a determined speech in wbich he said there were "no such things as uneconomic pits." He gave no public sign of softening his union's stance.

The mass picketing in the coalfields, whicb be had called for yesterday to coincide with the first day of Congress, did not lead to beavier picketing than usual. The National Coal Board claimed that the trickle back to work was continuing.

In the docks dispute, there were further signs that the national strike, called 11 days ago by the Transport and General Workers' Union (TGWU), was weakening. The 90 dockers at Fleetwood, Lancashire, returned to work. At Hull, traditionally one of the most militant ports, employers said 86 of the 800 dockers had crossed picket lines and returned to work. An unofficial meeting attended by 200 men had voted to eod the stoppage.

French unions stage protests against layoffs

Continued from Page 1

The unions also stepped up their protest action against the Government's plans for the bankrupt Creusot-Loire heavy engineering group. About 3,000 people from Le Creusot, the main industrial site in Burgundy of the engineering group, blocked the nearby railway station of Montchanin yesterday.

A similar occupation took place at the railway station of Châlons-sur-Saône, the other important Creusot-Loire industrial site in Burgundy.

However, the protesters, who included local Socialist Party leaders, decided to lift their rail blockade last night after the Government agreed to bold consultations with workers' representatives and trade union delegates.

Mme Edith Cresson, new Minister of Industrial Redeployment and Foreign Trade, agreed yesterday to meet the unions to discuss the 2,500 redundancies envisaged

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	27	81	Malaga	-	—	—	Salzburg	S	30	86
Akrotiri	S	28	82	Faro	S	28	82	Malta	S	29	84	Seoul	C	24	75
Algiers	S	34	93	Florence	S	30	86	Manila	R	35	95	Singapore	R	29	84
Amsterdam	F	21	70	Frankfurt	R	27	81	Miami	C	30	86	Stockholm	C	13	55
Athens	C	29	84	Funchal	S	24	75	Milan	S	26	79	Strasbourg	-	—	—
Bahrain	C	34	93	Geneva	F	27	81	Moscow	F	14	57	Sydney	C	22	72
Bangkok	C	31	88	Gibraltar	S	29	84	Munich	S	26	79	Taipei	C	29	84
Barcelona	-	—	—	Guernsey	F	18	64	Nairobi	S	25	77	Tangier	-	—	—
Beirut	C	29	84	Helsinki	F	12	54	Naples	S	29	84	Tehran	-	—	—
Belgrade	S	30	86	H. Kong	C	30	86	New Delhi	C	31	88	Tel Aviv	C	30	86
Berlin	C	25	77	Innsbruck	S	26	79	New York	C	26	79	Tenerife	S	26	79
Biarritz	C	22	72	Inverness	C	11	52	Nice	S	25	77	Tokyo	C	30	106
Blackpool	C	17	63	Istanbul	-	—	—	Oporto	S	22	72	Toronto	S	18	64
Bordeaux	C	23	73	Jersey	C	18	66	Oslo	F	14	57	Tunis	C	29	84
Brussels	F	22	72	Jo'burg	C	26	79	Paris	C	23	73	Valencia	S	28	82
Budapest	S	29	84	Las Palmas	-	—	—	Prague	F	28	82	Venice	S	25	77
B. Aires	C	16	61	Lima	C	20	68	Reykjavik	F	10	50	Vienna	S	28	82
Cairo	C	34	93	Lisbon	C	27	81	Rio de J'o	C	29	84	Warsaw	S	25	77
Cape Town	F	16	61	Locarno	S	26	79	Rome	S	28	82	Zurich	S	26	79
Caracas	C	27	81	London	C	23	73								
Casablanca	S	25	77	Los Angeles	C	20	68								
Copenhagen	F	18	64	Luxembourg	C	19	66								
Corfu	S	31	58	Madrid	S	30	86								
Dublin	R	16	61	Majorca	-	—	—								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Le Creusot cuts 'spell doom'

Coutinued from Page 1

Its most important conversion in recent times – and one that the pro-Socialist CFDT union largely blames for its present troubles – was its massive investment to become an equipment supplier for the French nuclear programme.

Its main activities today are focused on turbines, compressors, nuclear and hydraulic equipment, rail and metro bogies, and armaments. From more than 10,000 in 1976, the workforce has been slimmed down by natural wastage to 5,664.

The plan announced on Friday envisages the workforce's being cut hy a further 1,800 with up to another 900 redundancies possible if Creusot-Loire's order book does not pick up. The unions are unanimous in saying that is unacceptable.

"If the Government sticks to its plan," says M Jean Bolivar, a local official of the Communist-led CGT union, "it will, in time, mean the disappearance of the works at Creusot. We are not going to allow that."

The management at the Creusot site hroadly agrees with that judgment. It believes that such a cutback would not permit the engineering complex to fulfil existing orders.

The energy division has sufficient contracts to keep it working close to full capacity until mid-1985, but the management believes its chances of winning fresh orders would be reduced because the highly qualified and precision-trained workforce might be too stretched.

The management also think the cutback will provoke "hard and bitter strikes."

M Georges Charnet, director of the energy division, asked at a works committee meeting last week: "Will not these proposals result in strikes of such a scale as to block the site for a long tima, thus compromising for ever the fulfilment of export orders and of the Frencb nuclear programme?"

Creusot-Loire's rail activities are to be taken over by Jeumont Schneider, the electrical equipment manufacturer, it was confirmed yesterday. Jeumont-Schneider, part of the Schneider engineering group, has thus succeeded in its bid to establish a big private-sector rail industry in France. Inclnded in the takeover will be Creusot-Loire's traction division at Le Creusot, wagon manufacturers Carol et Fouche and Matérial Traction Électrique (MTE). The new industrial consortium that has taken over Creusot-Loire was initially opposed to spinning off the traction division, but its objections appear to have been overruled by the Government.

Yesterday's demonstration apart, however, what has so far made the Creusot-Loire dispute different from other big industrial conflicts in France has been the absence of any significant strike action.

One senior local manager explains: "The industry in this town has two centuries of paternalism behind it. The employers had duties as well as rights. In the depression in the 1930s there were no redundancies or unemployment. The company had the duty to preserve jobs. The whole town is impregnated with that spirit."

The unions do not share such a benevolent view of industrial paternalism. However, M Bolivar of the CGT agrees that Le Creusot, unlike some industrial centres of the north of Lorraine, has no history of violence.

Several other factors have so far helped to prevent the temperature from reaching boiling point. The most important, according to M Michel Detrost, local correspondent for the Lyon-based daily Le Progrès, has been uncertainty over the Government's intentions and over the impact of strike action.

"People have seen the collapse of order books and are nervous that strikes could worsen the situation," he says.

Another factor is that some divisions will not be as badly affected as others, thus putting strains on workforce unity. The precision tooling required in the nuclear industry means that workers are used to operating individually rather than in groups.

In addition, many workers still hope that the impact on jobs can be softened by retraining schemes, the arrival of new industries or work-sharing arrangements.

Not least has been the reluctance of the CGT so far to embark on action that might backfire. The local CGT has of late called for strikes, which failed to prevent the closure of two textile companies.

The new plan has been put forward by the new consortium that has taken over Creusot-Loire and in which Fives-Lille, the holding group for the heavy equipment manufacturer Fives-Cail Babcock, has the managerial leadership. At Creusot, there is deep mistrust of Fives-Cail as a competitor.

"When you huy a salad or a cheese, you normally take a look at it," says one executive. "But nobody from Fives has been here."

M Bolivar says: "Fives' speciality is taking over companies in trouble." He claims it has "liquidated 25,000 jobs in seven years."

Unions feel that they have been misled by the Creusot-Loire management, which for over a year has painted a hleak picture of the company's difficulties.

Last week, in what the CFDT calls "a complete turnabout," the local management circulated a document demonstrating that the engineering complex by itself has been profitable over the past six years. The document is intended to bolster Creusot's chances of survival.

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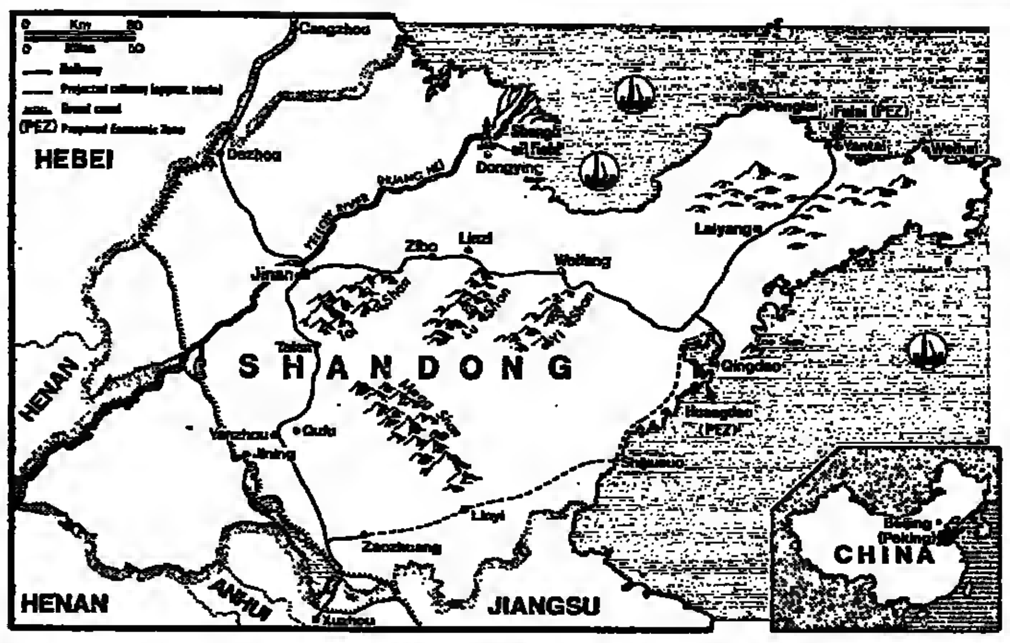
SECTION IV

FINANCIAL TIMES SURVEY

The province is among China's top four in terms of foreign trade yet, apart from products such as Shantung silk and Tsingtao beer, is still relatively unknown to the West.

SHANDONG



Contents

Design: Philip Hunt
Editorial production: Arthur Dawson

Christian Tyler

IN A RURAL town in north-east China they are celebrating this month the birthday of the man whose influence on the history of the country can be compared with that of Plato in the West. The philosopher Confucius was born 2,535 years ago near Qufu, capital of the ancient state of Lu, today part of the province of Shandong.

Confucius not only reminds the people of Shandong of their long history. Rehabilitated by the Communist Party, his reputation is playing its part in the provincial authorities' energetic efforts to make Shandong better known to the wider world through tourism, inward investment and trade.

Shandong (meaning "east of the mountains") is the second or third most populous province in China, among the top four in terms of foreign trade and is a leading producer of hydrocarbons, minerals and agricultural produce. Yet apart from one or two products, such as Shantung silk and Tsingtao beer, it is still relatively unknown in the West.

Open-door policy

The open-door policy launched by Deng Xiaoping five years ago has focused foreign eyes mainly on the special economic zones in southern China, not least because of their proximity to Hong Kong.

Now that the government has added Shandong's two principal ports to the list of coastal cities enjoying special commercial privileges, the province is almost obsessively wooing "foreign friends" that it can call its own.

As in other Communist—and not only Communist—countries, the further you go from the capital the more relaxed the atmosphere becomes. Although only half-a-day's train ride from dour Peking, the people of Shandong are cheerful, humorous and self-assertive.

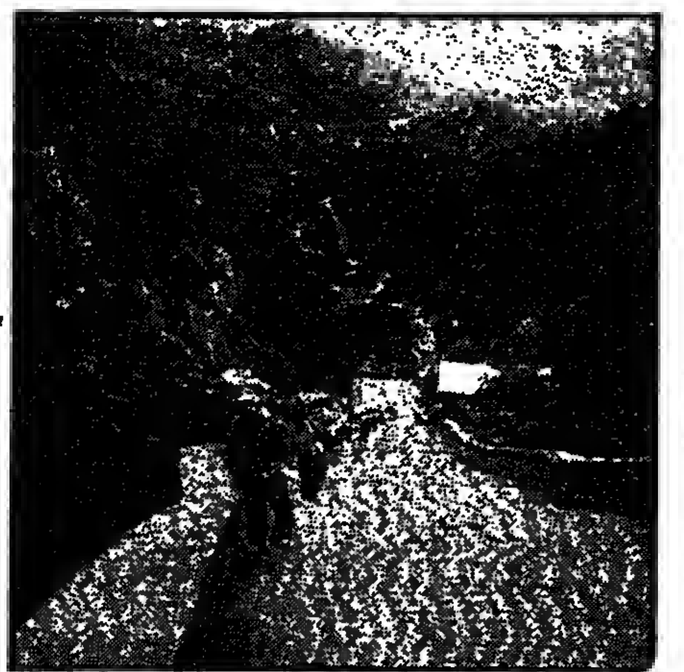
The genuine hospitality of local officials in heavy industrial cities like Zibo and Weifang alleviates the ugliness of their surroundings. In the big coastal city of Qingdao, for all its polluting haze of burnt coal and its crumbling architecture, there is a seaside atmosphere that is almost carefree.

Living standards are rising, rapidly in the case of the economically liberated peasants, famine has been eliminated and consumerism has arrived. Shangdong is still, like most of China, very much a peasant society with about 90 per cent of its population working on the land.

Hemmed in by huge dykes, the erratic Yellow River, Huanghe, washes the silt down from central Asia. On either side the flat and treeless northern plain is meticulously cultivated down to the last square metre.

Every landscape is dotted with figures, squatting in the fields, pulling handcarts, or slowly bicycling along the dusty intersecting paths. Despite the province's large output of tractors, mechanical implements of any kind are rarely seen outside the towns.

Out of season the peasants may be given temporary work on construction sites in the cities. If unemployment and crime are a problem in this highly regimented system, then officials do not admit it. They do, however, wage a continual verbal campaign against "leftists," the truculent remnants of the ideology of the disastrous Cultural Revolution which shattered the province's life in the late '60s and early '70s and whose influence has clearly not been entirely purged.



The final part of the 10 km ascent by 7,000 steps up Mount Tai, China's most sacred mountain. The mountain in Shandong province rises to 4,500 feet

Decentralisation, administrative reform, the "open door" and the deployment of individual as well as collective incentives have not, however, lessened the authorities' close control of people's daily lives. Everybody is accountable to somebody. That, as well as the financial penalties, probably explains the success — in the cities at least — of the one-baby birth control policy.

Physically, the Shandongese confound the western stereotype of the Chinese race: they are generally tall, with aquiline features and high colouring. They say their women are the prettiest in all China. They have a reputatioo for independent-mindedness and initiative, perhaps a legacy of their own past.

One of the biggest peasant rebellions in China's history (described in Witold Rodzinski's "The Walled Kingdom") erupted in Shandong in 18 AD under the leadership of a Taoist secret society called The Red Eyebrows. Remains of their headquarters can still be seen in the hills.

Shandong was also a centre of the anti-foreigner Boxer Rebellion at the turn of this century. (The Boxers were so called because of their enthusiasm for ritualised martial arts and because of the word for clenched fist in their title).

It was the killing of two German missionaries at the end of the last century that gave Germany a pretext for occupying the province. They built a large European town round the harbour of Qingdao, installed the now-famous brewery, and — most important of all — built the railway to the present capital, Jinan.

During World War I, control was ceded to the Japanese, who continued to develop local industry, especially textiles. The war of conquest that Japan initiated in the Thirties, with appalling slaughter of civilians, is still remembered with hatred by older revolutionaries.

Today, however, the Japanese are Shandong's leading foreign partners, selling equipment, a certain amount of technology, and providing soft loans for development of the ports. West German companies are also active, as are the Hong Kong Chinese, but contacts with other Western countries are still relatively few.

Provincial planners have high hopes of the special development zones being built outside Qingdao and Yantai. They are seen as a way of attracting foreign capital and even some wholly-owned foreign enterprises to a region that has seen little direct investment from abroad so far.

They have drawn up a list of over 400 projects, mainly small scale, in which foreign equipment, joint production and equity joint ventures are being sought both to modernise existing industries and to expand into new fields like electronics.

As a "smokeless industry," tourism bulks large in the plan. Negotiations are already in train with a U.S. company, for example, for a 6,000-bed resort, complete with golf course, amusement park and racecourse, for Yantai. Inland, at Taishan, porters stagger up the 7,000 steps of the sacred mountain with bricks and sand for a guest house being built on the summit, and for a replica Song Dynasty street where locals in ancient dress will entertain the curious.

In Qufu, the ravages of the Red Guards' vandalism have been almost completely repaired. A new hotel is going up opposite the vast temple of Confucius, and the sage himself is back, in effigy, on his altar—just in time for his 2,535th birthday.

Basic Statistics

(change on year in brackets)
U.S.$1=2.25 yuan)

Area: 153,300 sq km
Population: 75.6m
Exports: 3.55bn yuan (+14.3 per cent)
Imports: 0.23bn yuan (−8.0 per cent)
"National" income: 34.7bn yuan (+9.8 per cent)
Industrial output: 40.56bn yuan
Agricultural output: 26.7bn yuan
Average per capita income
Peasants: 367.8 yuan (+21.0 per cent)
Urban workers: 789 yuan (+2.6 per cent)

SOURCE: SHANDONG STATISTICAL OFFICE, 1984.

Confucius, the philosopher born 2,535 years ago: his reputation is playing its part in making Shandong province better known to the West.

Output

(Selected products, 1983 with percentage change on 1982)

	1983	%
AGRICULTURE (bn kg)		
Wheat	12.0	(+45.6)
Maize	8.22	(−3.1)
Cotton	1.23	(+27.6)
Peanuts	1.5	(+7.1)
Tobacco	0.221	(−37.3)
Silk	0.122	(+3.1)
Fruit	2.11	(+36.3)
Aquatic products ('000 tonnes)	675	(+2.6)
TEXTILES		
Cotton thread ('000 tonnes)	269.0	(+0.7)
Cotton cloth (bn metres)	1.26	(−2.1)
Silk products (m metres)	48.0	(+3.6)
OTHER		
Tractors (large and medium)	135,000	(+3.5)
Bicycles	2.33m	(+17.2)
TV sets	139,000	(+34.3)
Beer ('000 tonnes)	155	(+34.1)
Steel (m. ts)	0.99	(+10.1)
Coal (m. ts)	43.9	(+3.0)
Oil (m.ts)	18.4	(+12.4)
Plastics ('000s)	18.0	(+5.2)

Source: Shandong Economic Commission

Welcome mat greets entrepreneurs

BETWEEN the clichés and jargon that punctuate every conversation on China's plans for economic development, officials make no bones about the reasons for so zealously wooing entrepreneurs from overseas—much of China's industry is hopelessly old and inefficient, and it must be replaced urgently either through direct purchase or foreign investment.

There are three snags with direct purchase. First, it means spending foreign exchange, which China is reluctant to do. Second, cash can buy a machine but not the skills needed to operate it. Third, while allowing China to bridge one lost generation of technology, direct purchase leaves it no better equipped to keep abreast with technologies now in the making.

As a result, China's approach to economic co-operation with foreign companies is almost completely pragmatic. As such, its willingness to consider one kind of collaboration—say a 100 *per cent foreign-owned company* on Chinese soil—rather than another—say a compensation trade arrangement—will vary from project to project, depending on a range of factors. Foremost among these are:

1 Is the venture intended to produce goods mainly for the domestic market?
2 Is the venture in a sector where urgent improvement is necessary—like energy or communications?
3 Does the venture involve high technology, or does it involve a significant amount of training for Chinese workers in areas where the country is short of expertise?
4 Is the venture likely to stimulate a number of other local industries, or earn substantial quantities of foreign exchange?

If a venture is intended to produce goods mainly for the domestic Chinese market, then the preference is for direct purchase. The Bank of China nevertheless noted recently: "Foreign investors who supply China with advanced technology and equipment will be allowed to sell a portion of their goods in China."

If a venture is intended to produce goods exclusively for *export*, then the partners are likely to find the Chinese authorities at their most flexible, with options ranging from compensation trade to 100 per cent foreign *equity control*.

Apart from the established special economic zones in southern China, Qingdao, Yantai and 12 other coastal cities in China have recently been given leeway to do their own deals, and have been empowered to offer a range of tax incentives depending on the nature of a venture.

Attached to these cities, *special* development zones have been plotted—in the case of Huangdao near Qingdao, and Fulaishan near Yantai, these are greenfield sites — where similar preferential treatment can be given to ventures.

Economic co-operation

DAVID DODWELL

The fact that areas are being set aside in these zones for expatriate homes, and that extensive leisure amenities are being planned, makes it clear that Chinese authorities expect a significant share of ventures set up in the zones to use foreign resident staff in senior management positions.

At the same time, laws are being clarified or amended to answer the frequently voiced worries about remittance of profits and tax on profits. Ventures in the development zones will pay just 15 per cent income tax, the ventures outside the zones attracting the same rate if they produce high technology goods, or if the foreign investment is more than US$30m.

The Shandong economic commission adds in a recent report: "Reasonable remittance of foreign investors' profits will be tax free." What counts as reasonable will no doubt be thrashed out case by case.

The 160 projects detailed by the Shandong authorities in a report published in May in which foreign co-operation and investment is being sought "on the basis of equality and mutual *benefit*" appears in fact to be an ideas list rather than an exhaustive or definitive one.

When asked about specific projects, the authorities in *Qingdao and Yantai* made it clear that those listed by the provincial authorities were by no means the only ones, nor was there any clear priority being given to some projects against others. The aim of the list seems to be to give potential investors an idea of the sorts of ventures industrialists in Shandong themselves are keen to expand.

In the end, the limiting factor is likely to be the foreign exchange at the provincial authorities' disposal, and the extent to which a venture draws on it. The economic commission reported in May that Shandong *has so far spent US$170m for* its own first batch of projects. Its new powers allow the city to approve without reference to higher authorities projects using foreign funds of up to US$5m.

It is thus clear that a project tapping only a small amount of China's foreign exchange—perhaps a compensation trade deal, or a deal with most of the foreign exchange being provided by a foreign partner—will be cleared more quickly and easily than one which requires the Chinese partner to provide more than US$5m in foreign exchange.

In the words of the Shandong economic commission, priority *will be given to existing* enterprises in electronics, light industry, food processing, aquatic products, textiles, clothing, instruments, microelectronics and fine chemicals. The main aim is to attract technology intensive *and knowledge* intensive enterprises. Within these broad limits, the authorities seem open to suggestions.

Emphasis on growth in special zones

CHINA'S STRATEGY for engaging foreign enterprises in the development of its economy — through equity joint ventures, wholly foreign-owned *ventures, compensation* trade and the like — is closely interwoven with its so-called special economic zones.

The four zones in south east China that have been developed over the past three years, and especially the thriving Shenzen zone which hugs the border with Hong Kong, have become China's "open door" to the West. They are the centres for new co-operative high technology industries and the channels through which foreign capital and expertise is being drawn into the country and its exports expanded.

Shandong province has gained a chance to join the action with the state council's decision in March to extend to another 14 *coastal cities the special* economic zone status — and the right to offer especially attractive incentives to woo foreign firms.

Foreign companies can form joint ventures with Chinese *enterprises in virtually any part* of China and all such ventures are allowed tax holidays in the initial years of operation, easier access to domestic markets, relaxed customs conditions and comparatively low charges for Chinese goods and services.

But the Chinese government has been anxious to concentrate growth in the special zones. The additional incentives offered in the zones — and now extended to Qingdao and Yangtai — have meant *that most* of the 200-odd equity joint ventures formed since 1979 have been based in the zones, and predominantly in Shenzen.

Perhaps the biggest draw card of the zones is their tax rate on profits of 15 per cent, compared with 33.3 per cent elsewhere in China. This rate is lower even than *Hong* Kong and can be negotiated lower still in cases where the Chinese are particularly anxious to get access to certain high-level technology.

There are no tariffs applied to goods imported to or exported from the zones by joint ventures, provided imported goods are not redirected to other parts of the country. Land rentals and other service charges are generally lower than other areas.

The zone authorities have a high degree of autonomy and flexibility in negotiating agreements and *are able to approve* most joint venture deals without reference to Peking. This has meant a significant reduction in the amount of "red tape" which faces foreign *companies* dealing elsewhere in China.

Enterprises within the zones are also allowed to hire and fire workers and negotiate on wage levels, although *staff* must usually be engaged through an official labour agency and wage levels are significantly above the rest of China.

Last September, the central government announced a further liberalisation of the general concessions applying to joint ventures in China.

The new provisions have extended the tax holiday for new ventures to the first two profit-making years. A 50 per cent tax reduction applies in the subsequent three years of operation. Joint ventures engaged in low profit operations in farming and forestry can be granted tax cuts of between 15 and 30 per cent for a further 10 years beyond the initial five-year concession period.

The government also announced that joint ventures adopting advanced technology and manufacturing products still imported by China will be able to sell more of their output on the domestic market. However, this concession has not been spelled out and it appears that individual enterprises must *negotiate hard for small* concessions in this area.

While the overall incentives will, on paper, make the Shandong port cities as attractive as the existing special zones for foreign investors, the reality *might* not be *so*. At *least* initially, Qingdao and Yantai will be clearly disadvantaged by their relative inexperience in negotiating such arrangements.

Joint ventures

DAVID DODWELL AND MARK BAKER

Foreign businessmen thinking about compensation trade or dealing in the simple purchase of Chinese goods will find the provincial import-export corporations serve effectively and have considerable experience. But the *same cannot* be said in the case of joint ventures involving foreign equity interest, particularly among the 150-odd projects specifically drawn up by *the Shandong* and Qinghai authorities to attract foreign interest.

For such ventures, the import-export corporations neither have the experience nor the authority to guide potential partners. While the authorities in both Qingdao and Yangtai have autonomous powers (Qingdao *for a long time past,* Yantai *since* it was recently declared one of the new special zone cities), a potential foreign partner is probably best advised to go first to the *economic* commission in Jinan, the provincial capital, if he in any way uncertain about who his Chinese partner will be.

The authorities in Jinan, formally senior to those in Qingdao and Yantai, will at an early stage be informed of the venture plans anyway, and will *point the foreign company in* the most appropriate direction. A branch of the China National Technical Import Corporation is soon to be opened in Qingdao, along with a branch of the Shandong International Economic and Technical Cooperation Corporation, but it is not yet clear when a prospective *joint venture partner* would turn to these bodies rather than those that already exist.

This said, the whole point of transferring new powers to the authorities in Qingdao and Yantai is to reduce the bureaucratic obstacles to increased international trade, and to co-operative ventures. So *if* a foreign businessman has a clear idea of what he wants to set up a venture in, and knows who he wants as a partner, he is free to contact a company directly.

If the investments involved total less than U.S.$5m then he need go no further than the *local administration* for final approval.

While the authorities in Qingdao are used to having such powers — it has had semi-autonomous branches of the Bank of China and the Foreign Trade *Bureau for some years* — the authorities in Yantai openly admit they are feeling their way with the new powers. It is likely that they will for some time seek detailed advice from higher authorities in Jinan or Peking.

A foreign co-operative venture, *whatever its foundation,* is unlikely to be discussed for long before the Bank of China becomes closely involved. The bank is the state authority *responsible* for foreign exchange business and while there is not yet a full branch operating in Yantai, the branch in Qingdao has operated as Shandong's regional headquarters for more than 30 years. With 13 *sub-branches under its* jurisdiction. It had assets in 1983 of Rmb 21bn, 15.3 per cent of the total assets of the Bank of China.

The bank acts as as adviser to any Chinese company planning projects involving overseas purchases, or any international co-operative venture. Mr Dong Junsheng, deputy general manager of the Shangdong Branch, made it clear that the bank would examine such projects in close detail, and none would go ahead without their approval.

Having won the bank's approval, however, financial backing is then virtually certain. The Bank of China Qingdao Trust and Consultancy company has just been set up as a wholly-owned subsidiary to make direct investments in domestic industry and joint ventures.

All of the authorities approached in Qingdao and Yantai emphasised that a foreign partner involved particularly in compensation trade with a Chinese partner, if worried about financial penalties that might result if deadlines for delivery were missed, or if quality did not *reach a desired standard, should* make sure that contracts cover these matters in detail.

PROFILE:
LIANG BUTING

Liang Buting, Governor and joint party secretary of Shandong province: chief lobbyist for his region's interests

Governor in the powerhouse

THE CULT of personality, raised to new heights by Chairman Mao, is being assiduously erased by his successors. All the emphasis in China today is on collective leadership: *even the history* of the Communist revolution is being reassessed in these terms. Political leaders like Liang Buting, governor and joint party secretary of Shandong Province, are therefore reluctant *to* talk *about* themselves.

The provincial governor is a man of power, circumscribed as that power may be by the national leadership in Peking. Yet with the gradual *economic emancipation of the* provinces, the governor has an important local as well as national role to play, as chief lobbyist for his region's interests. It is no surprise to discover too that provincial *rivalry is keen, if* discreetly veiled from the outsider.

Those who know him well say that Liang, who is a native of Shandong, takes a close personal interest in the province's commercial relations with the outside world. Foreign businessmen who run *into difficulties* are not discouraged from contacting the *governor's office* in Jinan.

Liang, a well-preserved 62-year-old, displays all the caution of one who has risen through the ranks of the party. *But he is eloquent* about the qualities of the Shandongese — their *independent-mindedness,* their initiative, their thirst for travel and innovation.

Think tank

He is clearly anxious to capitalise on those qualities and has, for example, commissioned a "think-tank" whose job will be to identify economic opportunities with*in the province and to* monitor developments in international markets. At some stage he may invite foreign specialists in.

Lack of qualified people is the chief handicap, Liang says; and he declares himself far from satisfied at the rate at which foreign technology is being transferred. He admits that negotiations with foreign firms can be difficult, but adds: "If we can't find a way out of the problem then we may have to make *some compromise* and pay more. If we really want the technology we are ready to pay for it."

Like all those in positions of power under the Deng leadership, Liang chastises the *Leftists for the* damage they did to China's economy. This may be to a large extent a ritual denunciation for foreign ears. But at the same time Liang, like so many of the technocrats, *who have been* installed in local enterprises, shows genuine determination to repair the damage, with foreign help if that can be bought on reasonable terms.

"Our most important accomplishment is that we have corrected the Leftists' deviationist policy and opened up to make China more vigorous than before," he said. He claimed that there were now few people — and none of any influence — who were still fighting a rearguard action against the line laid down five years ago.

As a young man in the war against Japan, Liang was put in charge of training cadres and in the final struggle against the Nationalists he rose to become a regimental commissar. After liberation he was appointed to the central committee of the Youth League and then became deputy director of an agricultural *institute* in Peking.

During the Cultural Revolution he spent nine years in the north-western province of Qinghai, working in the fields. He dismisses that period of his life with a wave of the hand as something quite typical for his generation.

Pressed to describe that experience, he said it was something "incredible and abnormal" that would never be repeated. He became a party secretary in Qinghai for three years and then asked to be returned to his native province.

Christian Tyler

SHANDONG 3

Trend to fine fabrics

The province is modernising many of its basic industries including textiles, discussed here.

THE STREETS of Shandong's industrial cities are not the place to see the latest fashions: for that you must go to Peking. Yet consumer taste is an increasingly important consideration for the managers of the province's important textile industry. That, and the demands of the international market place, have made the re-equipment of ageing factories one of the most urgent of the tasks the provincial government has set itself.

For example, traditional cotton garments, of which Shandong is a major producer, are gradually giving way to lighter and finer synthetic fabrics. At the same time efforts are being made to upgrade the quality of the native cotton cloth and to meet international standards of dyeing, printing and finishing so that the province can get on to level terms with its other Asian competitors.

About a quarter of the output is exported, to the value of US$200m last year, with nearly 70 per cent sold to Hong Kong, Macao and Asia. The provincial textile bureau expects to raise that by 10 or 20 per cent this year and says it could do even better were it not for the stiff quotas imposed by the U.S. and EEC. Yet managers readily admit that lack of expertise is a big constraint on the export of finished products.

The province has spent some $10m on imports of equipment—and some products not available in China—in the first half of this year. About the same will be spent in the second half and the budget for 1985 is bigger still, according to Yuan Jin Gui, senior adviser of the Shandong textile bureau.

About half of the equipment will come from Japan—which set up many textile plants during its occupation of the province—and most of the rest from the EEC, especially West Germany and Italy.

Ranked as China's leading cotton-grower, Shandong produced 269,000 tonnes of cotton yarn last year, a small increase on 1983. Its factories turned out 1.26bn metres of cloth (1.28bn) and 48m metres of silk textiles, compared with 46.3m the year before.

Some of the textile mills in Qingdao, centre of the industry, have been allowed to deal directly with the outside world. An association of eight mills, vertically integrated and chosen for their proficiency, was formed three years ago.

With the help of a renminbi yuan 30m (US$13.3m) fund for imports provided through the provincial government, the Qingdao Associated Textile Import and Export Corporation can organise its own supplies, products and sales, financial management and contacts with foreign firms. It has sent delegations to Japan, Hong Kong and West Germany looking for equipment and potential equity partners.

Gao Zheng Qian, the association's vice-manager, said he was anxious to repair the "weak link" in the chain—the printing, dyeing and finishing end, where bottlenecks mean the mills are working at only 70 per cent of capacity.

A manager at the Qingdao printing and dyeing mill, the biggest in Shandong, confirmed the problem. "We could sell a lot of printed fabrics for summer wear if we could get the quality. We sell a lot of low-quality fabric to Japan, but it's very difficult to compete with them in high quality goods."

Japanese companies are sometimes reluctant to part with the technology that Shandong needs and wants, while happy to sell equipment. "They are frank about it," one manager said. "They say they need five years to adjust to the competition."

Export combines like that in Qingdao may soon be established in the provincial capital of Jinan and in the industrial city of Weifang. Like so many of the plans for giving factories a measure of managerial autonomy, this one is still officially "under discussion."

One man who is looking forward to that decision is Bao Zho-Xin, a 52-year-old graduate of Jao Tong scientific university in Shanghai and deputy director of Jinan No 2 textile factory. "It would be more convenient to meet customers face to face and to get market information as quickly as possible," he said. "At present it's difficult because you have to go through the import-export corporation."

The factory plans to spend 500,000 yuan this year on quality testing instruments, 300,000 yuan on machinery for producing broadloom cloth 65-75 inches) and 250,000 yuan on energy-saving devices. The plan is to lay out some 10m yuan over five years on replacing machinery which mainly dates from the 1960s.

A well laid-out mill, less than 20 years old, it has 10,000 sq m of vacant land which Bao would like to see occupied by a joint venture with a foreign partner to produce the polyester fabric that is increasingly in demand in the province.

Cotton may be the staple of the province's textile industry, but its silk is probably better known to the outside world. Shantung silk (to give the old spelling) still has its place in the economy, though Jiangsu province, its neighbour to the south, is ranked first in China followed by Henan province and Peking.

But Shandong claims to be the country's leading producer of wool carpets, with seven large enterprises and thousands of peasant outworkers supplying them.

The U.S., Japan, Britain and West Germany and the Middle East are seen as the best markets for the reproduction oriental designs in which the province specialises. Mills in Qingdao and Weihai recently delivered a two-ton carpet for the ruler of Kuwait.

Hand-made and machine-finished, these mock antiques were poetically described by the manager of a factory in Weifang as "the export of Chinese culture and art to serve humanity."

Christian Tyler

Japan shows the way

Engineering

CHRISTIAN TYLER

WHAT JAPAN did in the 1950s, China is doing today. Whether they have to buy, beg or borrow it, the Chinese are determined to get their hands on the latest engineering technology; and often enough it is Japan that finds herself the nervous impresario of her huge neighbour's modernisation programme.

One can see an example of that at the No 1 machine tool factory in Shandong's provincial capital, Jinan. On one side of the factory's exhibition hall stands the Mazak lathe developed in conjunction with the Japanese company Yamazaki.

Beside it, painted a different colour, is a remarkably similar machine developed and sold by the factory itself. Yes, they do look the same, said the factory's deputy director, but they are different inside.

Asked to explain the difference, he admitted that his model is just a faster version of the Yamazaki design. Across the hall a Soviet-designed lathe testifies to the former technological partnership with the Soviet Union. It, too, has its Chinese derivative.

The Jinan-Yamazaki agreement is one illustration of how the often-quoted principle of "mutual benefit" can work out in practice. However carefully the initial agreement may be drafted, both parties may come to feel exploited by the other; and whatever safeguards are built in, technology has a tendency to leak out.

Under a 1979 agreement, Yamazaki supplied the design and some specimens for nothing, but charged for the know-how. It supplies some motors and bearings and takes 60-70 per cent of the product (totalling 400-500 machines a year) for sale in Japan or abroad. The rest are sold inside China.

Last year about three-fifths of the machines sent back to Japan were sold on to the U.S. and Western Europe. Having, with Japanese help, developed an export-worthy product, the Chinese now feel aggrieved that they cannot export direct and get the big mark-up. The Japanese, for their part, appear to be upset about the look-alike, and rival, machine.

Apart from machine tools, Shandong's heavy engineering industry produces generators, pumps, forging and casting machines, boilers, diesel engines, trucks, farm tractors and other agricultural implements.

There are 600 factories employing 280,000 workers and a modest export trade, mainly with the poorer Asian countries.

A number of technical liaisons have already been established with Japanese and Western companies. For example, the tractor factory at Weifang has had a fuel-efficient engine designed for it by the British firm of Ricardo Consulting Engineers, which is also involved at Laiyang engine plant.

Another UK company, Instron, is expected to help with testin gequipment and the truck producers are looking to the British Midlands for advice on developing a low-speed agricultural truck.

This search is probably helped by the fact that Jinan and Coventry are twinned cities.

In all, according to Liang Shu Wei, director of Shandong machine-building bureau, the industry has contacts with seven advanced countries: Japan, the U.S., Italy, Britain, West Germany, Spain and Sweden. On the light engineering side, the province hopes to buy a production line for Agfa cameras from West Germany, while a joint venture in Jinan for a washing machine factory with an Italian company has apparently reached the formal signature stage.

Incidentally, the news that Italian-designed washing machines may be coming on the market has created a lot of excitement in the better-off families, one woman said.

They are saving for the day when the machines reach the shops. The machines are likely to cost about 500 yuan ($220), about nine months' basic wage for a factory worker.

One of Shandong's liveliest enterprises is the big tractor works near the south western town of Yanzhou, where Taishan 12 hn and 25 bp tractors are made at the rate of over 8,000 a year.

Under its 38-year-old director Yu Ke Ji (see below), the works is among the best examples of what Shandong is trying to achieve in terms of industrial efficiency, product quality and foreign trade. One mark of its success is that last year it was given permission to handle its own exports, thus by-passing the bureaucracy.

It has not done so yet, it was explained, because the procedure is too complicated and communications are too primitive. Like its sister plant in Weifang, the Shandong tractor works is hoping to import foreign technology and has been talking to the Japanese concerns Kubota and Yamaha, to Massey-Ferguson and to Fiat.

PROFILE: YU KE JI

Red Guard to technocrat

YU KE JI is the kind of man you expect to see only in a socialist film, the hero perhaps of a semi-documentary epic intended to inspire peasants and workers to still greater efforts while publicising the success of the new party line.

The real Mr Yu has no such pretensions. But his short career—he is only 38—proves that the policy of replacing old, ill-educated party placemen with young, able technocrats is more than just talk.

Born in a peasant family in Taian at the foot of the sacred Mountain, Yu went to college, became a Red Guard, recanted, found work in a factory, and rose to become its director in May this year.

The directorship of a big state factory like Shandong Tractor Works is still a political appointment to be decided in Jinan. "They investigate your personal attitude, they collect the workers' opinion, and they report to the provincial bureau," Mr Yu explained.

He has been a member of the Communist Party for eight years but insists that membership is not a pre-qualification in China today. Modest, experienced, and politically orthodox, he is self-confident enough to answer the kind of questions Westerners like to ask.

The Cultural Revolution began when Yu was a student at the agricultural engineering college in Zibo, and he joined the Red Guards for about a year.

"Mao's intention was good—to make our country better. But unfortunately things went the opposite way because of Lin Biao and the Gang of Four and then the movement did great damage to the country.

"At the beginning, as a Red Guard, I just wanted to follow Chairman Mao's thought. Gradually people found that the Cultural Revolution was a disaster and they began to reject it.

"From wherever you stand the Cultural Revolution was a mistake, and the Communist Party learned their lessons from it. There won't be another one. Workers, peasants and intellectuals all welcome the open-door policy.

"At the beginning local government and some local units had differences with central government about joint ventures with foreign firms. Now they are agreed. Our leaders learned their lessons from history. The policy is beneficial both to the Chinese and the people of the world."

Was it hard for his parents to see their son go off to college? "No, because living standards are rising the peasants feel grateful to the Party. They are delighted to send their sons to make a contribution. Peasants and workers can combine the country's prosperity with their own interests."

These are, of course, the politically correct responses but it would be churlish to doubt their sincerity. On industrial matters, Mr Yu argues, with equal conviction, that it is management that must take the "responsibility for promoting efficiency and it is no good blaming the workers.

Mr Yu's wife teaches Chinese at a middle school and they have two sons, aged 13 and 11. How did they manage that in the face of the stern one-baby birth control programme? Mr Yu smiled. The one-child policy was introduced just as their second was born.

C.T.

Incentives used to boost output

Agriculture

DAVID DODWELL

THE SCENES of village haymaking across the fertile sedimentary plains of the Yellow River in Shandong province are evocative. The harvest, unlikely to be as good as the bumper crop of 1983, is nevertheless likely to confirm the province as one of China's most important grain suppliers.

It is not just grain that makes Shandong such an important agricultural province, it accounts for substantial quantities of tobacco and cotton, 20 per cent of the country's apples, and a similar share of its peanuts. It supplies 15 per cent of China's annual harvest of aquatic products. The Yantai are alone accounts for one third of the country's supply of prawns.

This pre-eminent position was seriously eroded during the great leap forward, particularly in 1956-57, and at the height of the cultural revolution in 1965, when the traditionally independent-minded people of Shandong suffered more than most as political turmoil swept the country.

Subsequent recovery—10 per cent annual growth in agricultural output has been recorded in recent years—owes a little to the first signs of farm mechanisation, but more than anything else has come from the package of incentives embodied on Deng Xiaoping's often-quoted "responsibility system."

These incentives, which range from allowing farmers to sell products privately to "free markets" once they have met state quotas, to allowing them to set up side-line businesses like food-processing plants, hotels and restaurants, bave unleased so much entrepreneurial energy that peasants are fast becoming the wealthiest people in China—and Shandong is no exception.

While Shandong is 70 per cent bill country, the fertility of the remaining land — soil washed down over centuries by the Yellow River — is such that the provinces has always been a prolific supplier of food. Vast areas of calm, shallow sea along its 3,200 km coastline, provide almost limitless opportunities for aquaculture eveo though China's deep-sea fish stocks have been seriously depleted after years of over-fishing.

Apples from Yantai, peaches from Feicheng, pears from Laiyang, peanuts from Yantai, are known throughout China even though until recently China's national food supply network was so appalling that these fruits remained the figment of most Chinese peoples' imaginations.

Yantai's prawns — up to six ioches long — bave for years beeo an important export, as have its scallops, abalone and sea cucumbers. A oumber of seaweeds are grown commercially, mainly kelp, whicb is processed into sodium alginate and sold to textile companies in Japan.

On this foundation, Shandong has built up substantial industries based on agriculture. Most prominent are the brewing and wioe-making industries based oo Qingdao and Yantai, Qingdao beer — sold abroad as Tsingtao beer — has been a major export since 1954, and in 1983, two thirds of its annual output of 90m bottles and 28m cans was sold abroad.

It bas the country's largest food canneries, exports most of China's bristles for paint brushes, sausage casings, and bas diversified into rabbit farming, carpet making and rural handicrafts like straw products.

Three crops

In the middle of this year's main barvest—most parts of the province manage three crops every two years—it is difficult to imagine the turmoil of the 1950s aod 1960s wbich brought hardship, and sometimes destitution to China's rural population. The couotry was theo virtually closed to foreigners, and the few statistics reflect nothing of the human tragedy.

Since then, Deng Xiaoping's liberal economic policies bave brought dramatic changes, despite a series of droughts and rapid population increases. From disastrous food-grain shortfalls in the middle and late 1960s, Shandong bas once again become self-sufficient, and in 1983, after a record wheat harvest amounting to 27bn kilos, it became China's third most important supplier of grain, providing about 7 per cent of the national surplus.

Over balf of the province's agricultural land is now irrigated, and fertiliser use is bigher than in almost any other province in China. Each agricultural brigade averages five tractors—thougb most of these seem to be used to ferry vegetables to the free market around the main towns rather than in the fields.

A pastoral scene in Yanzhou where harvesting is still carried out by primitive methods

Average bousehold incomes in the countryside, amounting to about RMB 1,000 (US$449) a year, are double the average in 1979, and underpin a etandard of living much higher than is possible for most industrial or urban workers. In the Yantai area, 7 per ceot of the peasant households moved into newly-built homes in 1983 alone. Almost all villages have electricity, and rural families are understood to account for a majority of the colour televisions owned in the province.

The authorities claim, however, that the best rural incomes go to those brigades which have practiced diversified economy. This somewbat oblique phrase refers to those which have used spare resources and manpower to open up small businesses—and these can take many shapes.

They might simply involve setting up tractor workshops, or making handicraft products. But at the other end of the spectrum, some agri-brigades bave practiced diversified economy with such enthusiasm that there is barely anything that is agricultural about them.

The people of Changyu agri-brigade, for example, who live close to the tourist spot of Penglai abont 60 kms west of Yantai, no longer practice agriculture at all. Apart from opening a hotel to cater for tourists, they have opened a restaurant in Peking called The Drunken Man, which is by all accounts prospering nicely.

The Ximuli and Xiguan agri-brigades 20 kms east of Yantai have similarly abandoned their fields. About 2 per cent of the earnings of each comes from agriculture. The rest comes from wood processing, electronics, toy-making, the manufacture and repair of agricultural machinery, machine making, forging and casting plants, and even the supply of trucks for inter-city transport.

The brigades have each imported about 1,000 workers to fill the jobs they have created, and best salaries reach RMB 4,800 a year. Two storey houses were selling in the village for RMB 12,000 apiece, with buyers being given three years to pay.

These are without question model brigades, living in model model homes, and earnings salaries that most in China can still only dream of. It is nevertheless significant that they are being put forward by the authorities as examples of what can can be achieved, and what is being encouraged, under Deng Xiaoping's "responsibility system."

New freedoms

Inevitably, as the authorities in Qingao and Yantai begin to capitalise on the new freedoms provided by Peking since they were designated open cities, seeking foreign investment and international co-operative ventures to modernise local industry and boost exports, so Shandong's agricultural sector has not been left far behind.

Already, the Qingdao brewery is talking of expansion, and the wineries in Qingdao and Yantai are seeking opportunities to make wines that appeal to a western palate, including rieslings, chardonnays, and even champagne.

Yantai's canned food factory is looking for foreign partners to improve packaging, while shrimp and other seafood exporters are looking at projects to improve deep-freezing and packaging facilities. At present, the province's authorities will only admit to discussions taking place with foreign companies, but the mood of change is such that it is unlikely to be long before some ventures materialise.

Canning is a major industry

Food processing

DAVID DODWELL

QINGDAO BEER—known to beer drinkers outside China as Tsingtao beer — may be the best known of Shandong's exports, but brewing is just one of a wide range of industries that have grown up and flourished on the back of the province's agricultural wealth.

Alongside brewing, an important wine-making industry has emerged — both of these brought in by thirsty German missionaries at the turn of the century, and based on bops and grapes brought in from Europe. Just as important, a substantial canning industry has been based oo the province's apple, pear and peach orchards, broadening nowadays to include vegetables, meat products and even kelp.

The shallow seas along Shandong's 3,200 km coastline sustain such marine wealth that industries have grown up processing prawns, mackerel, mussels, abalone, scallops, sea cucumbers, and a range of seaweeds — most important of which is "Haidai", or kelp, which is mainly processed into sodium alginate for Japan's textile industry.

Animal busbandry plays a lesser role but nevertheless supports industries exporting rabbit hair yarn, sausage casings and bristles for paintbrushes.

Qingdao brewery, founded as a joint venture between a German and a British businessman in 1903 (Mr Liang Toogwei, today's vice-director, claims no-one now knows who they were), now produces 90m bottles and 28m cans of beer a year, accounting for about 6 per ceot of China's national output. Two thirds of its output is exported, including all of its canned beer.

While many of China's industries even today clatter inefficiently along using machinery 30 years old or older, Qingdao brewery has kept pace with international competition by investing in new equipment, often from overseas. A bottling line bought from Seitz of West Germany in 1972 is about to be joined by a second line from the same company.

Daiwa of Japan supplied the canning line in 1980 in a compensation trade deal involving a middleman based in Hong Kong. The cans themselves are paid for in cash, and imported from Hong Kong.

An expansion plan which is costing Rmbyuan 35m (US$15.7m) is in progress, which involves a major new warehouse, and even now, plans for a new brewery are being laid. Capacity, which now stands at 640,000 hl a year, is expected to reach 1m hl by 1986.

Imported vines

Shandong's main wineries, in Qingdao and Yantai, are also planning major expansion. Both were founded at the turn of the century—Yantai by a Chinese patriot named Zhang Pishi in 1982 who had been much impressed by brandy that be had tasted while visiting Singapore, and Qingdao by German missionaries in 1914.

Both grew up using a wide variety of imported vines from Europe, but the Chinese penchant for sweet, oxidised wines, dessert wines and "Bailandi," or brandy, means their grapes tend to be mixed indiscriminately.

As a result, the majority of sales have in the past been in the domestic Chinese market, or to overseas Chinese in south-east Asia and the U.S.

Just recently, in response no doubt to the Government's call to open up to the outside world, and above all else to boost exports, both wineries have tried seriously to produce wines that appeal to a Western palate.

Joint ventures to produce rieslings, a chardonnay and even a red "Cabernet d'est" are being negotiated, while Yantai brewery is discussing how it might make champagne in collaboration with a U.S. company.

Canning is also a major industry, and an important source of exports, a significant proportion of the canned peaches, pears and cherries eaten in Europe and the U.S. comes from China.

At Yantai's canned food factory, which produces 21,000 tons of canned food every year, products range from fruits like apples, pears and cherries to the famous Yantai peanots, to luncheon meats and sardines, and even kelp.

As a major exporter — up to 70 per cent of some product lines are sold overseas — the factory bas been given the green light for new iovestments. It has just installed equipment from the UK to make concentrated fruit juices, and is talking to possible foreign partners about a project to can asparagus for the European market.

Interestingly, the factory's chief engineer, Mr Sun Li, said there were no plans to branch out into frozen foods, despite a growing preference abroad for foods to be frozen rather than canned. He claimed that demand inside China for canned goods continued to grow so strongly that demand was likely to outpace supply for the indefinite future.

Some of the most far-reaching developments are occurring in industries linked with Shandong's marine produce, with the Oceanographic Institute based in Qingdao making direct contribotions to ventures aimed at farming prawns, sea cucumbers, scallops and abalone and seaweeds like kelp.

In 1983, the institute seeded the sea near Qingdao with 2m prawn fry, aiming to broaden a business that concentrates on the coastal counties around Yantai. Experimental forming of scallops and sea cucumber was also started. Shandong already accounts for one tenth of China's aquatic products, and there is no reason why this could not be increased rapidly.

However, factories like the marine laboratory station No. 2 east of Qingdao, which is an important manufacturer of sodium alginate from kelp cultivated on ropes which float on the sea surface close to the shore, continue to use old and inefficient machinery on a site which appears to be colonised ad hoc rather than built for any particular industrial purpose.

If the region's export potential is to be met, then significant investment in factories like this is likely to be necessary in the very near future.

The factory director talked of new processing lines, cold storage facilities, and the import of contact freezers for mussels, scallops, prawns and abalone, and claimed discussions were in progress with two Japanese companies, but no firm deals bave been signed.

Cash in pocket

At present, it is hard to predict how much of the undoubted growth of the past five years in Shandong's agro-industries will be aimed at boosting exports, and how moch to meeting local demand. Until quite recently, the economic turmoil in China's countryside, and the appallingly inadequate infrastructure, meant that most Chinese could only dream of eating Yantai apples or prawns, Laiyang pears or Feicheng peacbes, or Shandong's peanuts.

But now, the economic reforms of Deng Xiaoping have put cash in the pockets of many Chinese and raised expectations that after so many years of deprivation they should at last be able to get such things.

In what proportions the regime of Deng Xiaoping decides to meet domestic demand or generate foreign exchange through exports is likely to lie the key to whether businesses in this sector look for full joint ventures, compensation trade deals, or the simple purchase of foreign equipment.

Whatever route businesses decide to take, the mood created in places like Yantai and Qingdao by Deng's policy of opening up to the outside world is such that expansion is likely to be rapid and is likely to be determined locally rather than in Jinan or Peking.

Daunting task to raise standards

Quality control

CHRISTIAN TYLER

A HUGE BANNER slung from the workshop roof cries out in bold red characters: "Putting quality first is the most important thing."

Beneath it a bulletin board lists the rewards for good performance: first prize, a trip to Peking and tour of the Forbidden City; second prize, a visit to the seaside in Qingdao; third prize, a day out climbing the sacred Mount Tai.

The emphasis everywhere on quality is one of the central planks of the economic and industrial modernisation programme launched by Deng Xiaoping five years ago. Indeed, the open door to foreign investment and technology is really subordinate to this internal reform.

Quality control can be said to include everything from installing process control equipment, to re-educating workers, and replacing ineffective older managers.

The policy was clearly stated by Shandong's governor, Liang Buting, in his report last year to the provincial People's Congress: "Because of the influence of Leftist ideology and the irrational economic management system, we used to attend solely to output values, quantity and speed of output to the neglect of quality and results.

"Some units and localities paid attention only to their own economic results to the neglect of the economic results of the collectives. Although the situation has been changed, some comrades still fail to change their thinking and attend only to speed."

But it is not merely attitudes that need to change. Shandong was given the basis of a modern industry by the occupying Germans (before 1914) and the Japanese. But since 1949 the legacy of a factory organisational system modelled on Soviet practice, and the disruption caused by the Great Leap Forward and the Cultural Revolution, have left the province with a daunting task in making industrial products good enough to compete in international markets.

Capital—physical, technical, organisational and financial—are all in short supply.

A tour of nearly 20 factories —including the best the province has to offer — and conversations with numerous managers and officials affords enough evidence of the constraints under which the provincial economy is labouring.

But it also confirms the view that real change is occurring and that there is widespread determination — among managers at least—to introduce efficient labour practices and to wrest even more autonomy away from an often stifling bureaucracy.

Managers are generally shy of revealing how far the shakeout has gone in their own enterprises, so it is difficult for a visitor to judge the success of this part of the reform programme. In many places quality control systems are being introduced: for example, workers on tractor assembly lines are required to sign a docket attached to the machine so that faults can be traced back to individuals.

Workers are expected to turn up on time and stay for fixed hours. Many shops are well laid out, clean and busy, but many others are dark Dickensian dens where the workers have little or nothing to do. Much factory housing is squalid and derelict; and it is affecting to see how bright and cheerful inside the families manage to make them.

The obstacles to producing quality goods hegin outside the factory. Electricity is rationed and continnous production is therefore often impossible. Raw materials are scarce or irregularly distributed, which leads to serious and costly overstocking.

Although many shops boast modern machinery, and even whole assembly lines from Japan (see panel), West Germany, Switzerland and elsewhere, the bulk of the plant is antiquated, at least by international standards.

In one impressively-run cotton-spinning mill in Jinan, for example, a progressive management, alert to the demands of the international market, is struggling to replace machinery that is up to 30 years old. Here they hope to buy quality-testing instruments from Switzerland: at present the finished fabric is checked by human hand and eye. A measure of the change now taking place is that the manager freely admits that his production process is badly outdated.

Even with modern machinery installed, the educational and training process will have to continue. According to another manager—a point which illustrates the governor's remarks —it is still difficult to persuade workers to following the operating instructions carefully. "They want to produce more, and more quickly," he said.

Theoretical study sessions, usually held weekly, are an attempt to correct this, but their value, if they have any value, is impossible for the visitor to assess.

Considerable efforts are being made to raise the level of technical skill and most of the big factories have their own training institutes. Managers, too, are required to sit examinations to fill the gaps in their own education.

Efficiency on the line

ONE WAY, perhaps the only way, to achieve Japanese standards of quality control is to get the Japanese to set up your assembly line for you.

That was the solution for a factory in Weifang which makes tape-recorder motors under a three-year agreement with a Japanese company.

In a long, sunny upstairs room about 100 young people, mostly girls, deftly assemble the tiny parts that have been stamped out on Japanese machines downstairs.

They work in disciplined silence—although there was an outbreak of whispered chatter as this visitor left the room—and are told not to exceed their daily output quotas in case that leads to mistakes. One girl said she produced 900 pieces a day for a wage of 50 yuan (under $25 a month). But the jobs were rotated from time to time and the work was agreeable.

As evidence of what the assembly line has achieved, the factory director, Cheng Bing-Kuan, said they had reduced the rate of "wow" (background noise interference) to 0.2 per cent, against the 0.3 per cent required by the standard.

For the late 1970s technology the assembly line is using the Chinese are paying in instalments over three years, though they have paid $2m outright for 46 imported machines. About $3m is being spent annually on imported components and spare parts.

The contract stipulates that local content shall rise from 30 per cent in the first year to 100 per cent in the third. Output was 700,000 pieces last year. It will be 800,000 this year and 1m in 1985.

At least 50,000 pieces have to be sold back to Japan over the life of the agreement so that their quality can be monitored. The Chinese insisted on the 1m target for next year as their way of testing Japanese claims for the quality and efficiency of the process.

If the target is not reached, the Chinese will demand a reduction in the payment due next year. But the state has told the factory to aim for an output of 2m pieces next year, presumably because of the big pent-up demand in China for cassette and radio-cassette players. Weifang supplies motors to more than 30 tape recorder factories in China.

CHRISTIAN TYLER

Oil and coal riches untapped

AS WELL as large reserves of oil and coal, Shandong is well endowed with mineral riches in the form of gold, of which it is one of China's principal producers, iron ore, copper, raw materials supporting a diverse chemical industry and china clay for porcelain manufacture that is said to date back 5,000 years.

Even without a major offshore oil discovery in the Bohai Gulf or Yellow Sea, where foreign companies are active, the province accounts for some 15 per cent of China's oil output. The Shengli oilfield in the Yellow River delta is the second largest in China after Daqing in Heilongjiang province and accounts for the hulk of the 18.4m tonnes of crude lifted last year (a 12.4 per cent increase on 1982).

The extent of the untapped reserves at Shengli is not known, or has not been revealed, but officials speak of the field matching or overtaking Daqing. Meanwhile, a new field has been discovered in the south at Zhunyuan and extending into the neighbouring province of Henan.

Shengli pipes a third of its crude oil, and some gas, 90 km south to the big Qilu petrochemical complex at Zibo near the city Linzi, the ancient capital of Qi state. After a false start due to a financial planning blunder, Qiln is now being expanded to create a big ethylene complex, at a cost of 4.7bn yuan.

The British contractors John Brown and Davy International are supplying respectively a polyethylene and oxo-alcohol plant while a variety of

Raw materials

CHRISTIAN TYLER

Japanese companies are installing ethylene, polyvinyl chloride and caustic process plants. Vinyl chloride and aromatics plants have yet to be started.

According to Qilu managers, the work — originally due to be finished two years ago — is meeting its new deadline of 1986. Qilu is essentially a chemical city with a population of 23,000. The complex, part of the national petrochemical corporation Sinopec, makes a healthy profit on the price structure laid down by the state.

It pays only 103 yuan a tonne, a quarter of the world price, for its crude and sells its products at around 580 yuan a tonne. It is looking for foreign partners for possibly equity joint ventures in plastics reprocessing.

Coal reserves are spread throughout the province, but the big field is around Yanzhou in the south-west. Here one of the 10 largest mining developments in China is under way.

The province produced nearly 44m tonnes of coal in 1983 and is expected to expand to 100m tonnes hy the end of the century as part of the state's ambitious target of doubling its 600m-tonne output.

The mining machinery market is in many ways the most promising of all for manufacturers. Evidence of this huge programme can be seen at the new mine at Xing Long, near Yanzhou city. So far, 400m yuan has been spent on the mine — gradually working up to its planned 3m tonnes capacity — and on the flats, schools, hospital, palace of culture and other amenities for the 4,000 workers and their families. Incidentally, the coalface worker is paid some 300 yuan a month, more than a senior manager, and three or four times the average industrial wage; pit-bottom miners get 150 yuan a month, and the surface workers nearly 100.

Another coal mega-project is planned nearby. The proposed Jining No 2 mine could cost around 600m yuan and is intended to be a joint venture between the Chinese National Coal Development Corporation and Shell Coal International.

Last month, Fluor (Great Britain) was appointed managing contractor for a full feasibility study. The mine has a projected capacity of 4m tonnes a year. Altogether the latest provincial five-year plan calls for new capacity of 13.5m tonnes a year.

If coal is the commodity upon which industry depends, its humbler cousin clay is the staple of one of Shandong's consumer export industries. At Boshan, one of the cities in the industrial centre of Zibo, they have made porcelain for thousands of years. Indeed, Boshan claims to have the finest porcelain clay in China.

Today, however, ceramics have assumed greater importance. About 22,000 people are engaged in this industry in 77 different factories. Backyard potters still exist, and are once again allowed to ply their trade, but most of the artisans have been drawn into factories where a craft shop atmosphere and layout still persists.

Major ports plan

Infrastructure

DAVID DODWELL

SHANDONG'S farmers have a habit at harvest-time of drying their wheat on the province's main roads. This colourful practice makes long-distance road travel slow and sometimes alarming, and makes it hard to believe that communications in Shandong are among the best in any Chinese province, with literally billions of yuan now being spent on further improvements.

The focus for these improvements is Shandong's two recently-designated open coastal cities, Qingdao and Yantai, with their attached economic development zones. A third focus is Shijiu port, now being built up from a tiny fishing village 65 km south of Qingdao to become one of China's main coal export terminals.

The aim is to make sure that as the area's export industries grow, as they are intended to do as part of the policy of "opening up to the outside world," and as foreign investors respond to appeals to set up ventures in the special export zones, so the infrastructure will exist to allow them to operate effectively.

The job is a mammoth one, since road and rail networks have been badly neglected over recent decades. Similarly, political upheavals during the 1960s and 1970s meant that supplies of electricity and water to many areas did not keep pace with demand, while supplies of raw materials for many industries became uncertain.

At the heart of development plans are Shandong's main ports — Qingdao, already the country's fourth most important port, handling 22m tons of cargo in 1983; Yantai, Shandong's oldest port, which has fallen behind Qingdao because of poorer rail links with inland China; and Shijiu, which until two years ago was a sleepy fishing village of 4,000 people, but will soon be one of China's main coal-exporting terminals, with an industrial city of over 100,000 people around it.

At Qingdao, which is normally congested, with between 20 and 30 ships at anchor waiting for one of its 23 berths, a yuan 100m modernisation plan is close to completion. This involves a new bulk cargo and container wharf, which will boost the port's container handling capacity from 20,000 20ft-equivalent units in 1983 to 50,000 teus in 1985.

Nearby Huangdao Island has been identified as Qingdao's future special economic zone, with a 1bn yuan plan intended to develop a port, industrial and tourist areas, and rail and road links with the city. At present, Huangdao is the site of the main oil jetty for the Shengli oilfield 250 kms away. The two-berth jetty, which can take vessels of up to 50,000 dwt handles 10m tons of oil a year for export.

In both Qingdao port and at Huangdao, the authorities complain that poor rail links with inland China are hampering growth. So the double-tracking of the main line from Jinan and Peking, due to be completed at the end of 1985, will be an important breakthrough.

Yantai port, established more than 40 years before Qingdao, now has just eight berths, handling vessels of up to 10,000 dwt. Last year it handled 6½m tons of cargo, most of it fertiliser and timber. Work has already begun on a 320m yuan modernisation programme which involves building six new berths, three of them with the capacity to handle vessels up to 25,000 dwt. By 1990 the port is expected to handle 10m tons of cargo a year, with a target of 20m tons by 2000.

Most sweeping of all is the 700m yuan investment in Shijiu port, a project being handled by the Ministry of Transport in Peking rather than the local authorities, with 300m yuan worth of soft loans from the Japanese Government.

Work on the coal jetty, which when complete will handle 15m tons of coal a year from mines at Yanzhou in the west of Shandong, from Henan and Shanxi, is now running six months ahead of schedule according to Mr Wang Waiping, seconded by the transport ministry to oversee the project. He, with joint venture partners Mitsui Miike Machinery Co, predict it will be ready by July next year.

Eventually, Shijiu is expected to grow to a city of 300,000 people, with a major conventional cargo port. While Shijiu has not been named as one of China's 14 coastal cities—to select a third in Shandong province might have raised controversy with other provincial authorities—it has been given the same freedoms being given to Qingdao and Yantai. Plans for a special export zone are already being drawn up.

Critical to Shijiu's growth is the major new railway link with the large coalfields of central China. This line, due for completion at the end of 1985, will first of all link the port with Shandong's coalfields around Yanzhou, then continue into Henan via the city of Heze, and eventually to Xian, the capital of Shanxi. A second line, linking Shijin with Qingdao via Huangdao, is also being built.

Shangdong authorities are also at present improving air travel links with the outside world, in part to make it easier for business travellers to reach the province, but mainly so that they can boost the embryonic tourist industry.

Qingdao's Liuting airport has already had its terminal and aircraft waiting areas expanded, and expects the runway to be lengthened by the end of 1985. Boeing 747s will then be able to fly directly to the city and direct flights are planned to Hong Kong and Japan.

Even though the Yellow River flows through Shandong, water shortages have been a problem recently. The province has experienced drought for four of the past five years, and this has forced the authorities to ration supplies to industry at certain times. Plans are being formulated to link Qingdao to the Yellow River by means of a 290 km pipeline.

In the land of Confucius it is polite to return banquets

From beaches to sacred peaks

Business Guide

By Christian Tyler

Travel: There are air connections from Beijing and Shanghai to Qingdao and the capital Jinan. Qingdao also connects with *Dalian* across the Bohai Gulf. The sleeper train from Beijing to Qingdao, calling at *Jinan, Zibo and* Weifang is recommended but only if you go "soft class."

Minibus or car transport will usually be available in the towns. Local buses very crowded but frequent.

Hotels: There are hotels assigned to foreigners in the principal cities, and some*times overspill in guesthouses* normally reserved for overseas Chinese. You will have to *eat at foreigners-only tables,* and pay much more than the Chinese for both rooms and meals. Room rates range up to 70 yuan (U.S.$33) a night, but it is worth asking if there are any discounts to be had. Hotel restaurant food is good; eat à la carte and pay as you go—it's cheaper and less filling. Banquets are unavoidable and should be reciprocated, despite the cost. If you can't handle the mao tai spirit, don't make ostentatious protests.

Restaurants: Some upmarket places are being opened; ask at the hotel. The ordinary restaurants are very basic and unhygienic, but worth a visit to see how privileged foreign visitors are.

Places of interest: Shandong has a long and interesting history. You should find time to take in the principal *sights. Don't miss Taian, for* the ascent of Mt Tai, first of China's five sacred peaks. Motor road and cable car to the summit, if you are in a hurry or overweight. Better to walk part or all of the 10 km ascent; there are 7,000 steps rising 4,500 ft and beautiful sights on the way. Allow four hours, and prepare to sweat. Not to be missed either is Qufu, a short drive from Yanzhou, the birthplace of Confucius. With its shrine, mansion (in which you can stay) and family cemetery, the complex rivals the Forbidden City.

Jinan has a fine "mountain of a thousand Buddhas," and springs (notably Baotu Park) in the centre; but they are mostly dried up at present. Round Zibo and its satellite cities there are important remains of very early Chinese civilisation. Qingdao has good beaches and interesting European architecture from the period of *German* occupation: excursion to nearby Mt Laoshan recommended. Other resorts *are* Penglai, Yantai and Weihai on the northern coast.

Visas. Apply *through* embassies or in Hong Kong. You will need support from a sponsoring organisation in the province. A separate travel permit listing places to be visited will be issued on arrival.

Currency and shopping: Foreignors are given RMB *foreign exchange* certificates but small amounts of local currency can be used. Credit cards can only be used to guarantee personal cheques. Hotels and Friendship Stores generally have a good selection of souvenirs. Silk, handmade crochet, jade, carved stone, cloissoné and hand-painted glass snuffbottles are good buys. Take advice before buying paintings, unless you are an expert. Beware "antiques." There is no tipping.

Useful addresses:

Qilu *Advertising Corp, Foreign* Trade Bureau, 11 Nanhai Road, Qingdao; telex 32038 LUXQD CN.

China International Travel Servie (Luxingshe); 6 Dong Chang'an Tie, Beijing; tel 554192, telex 22350 CITSH CN. *Also at 372* Jing San Road, Wei Liu, Jinan.

CAAC airline reservations: tel Beijing 55620, 557319.

Most of the import-export corporations are based in Qingdao: ask Qilu for details. Provincial bureaux are in Jinan.

Office hours: 8-12, 2-6, Mon to Fri, Sat 8-12.

Business contacts

Governor and joint party secretary: Liang Buting;
Vice-governors: Ma Shi-zhong, Liu Peng;
Deputy director, economic planning committee: Jia Bao-shan;
Deputy directors, economic bureau: Tang Shou-kang, Zhang Fu-zeng;
Science and technology, deputy director: You Fang-hu;
Urban construction committee, deputy director: You Yu-ji;
Agricultural bureau, deputy director: Yu Kuan-zhoog;
Forestry bureau, adviser: Sao Zi-dan
Petroleum and chemical industry, deputy director: Fu Zong-yang;
Machioery industry bureau, depoty director: Li Yan-tan;
Light industry bureau No 1, deputy director: Zhang Huei-Cheng;
Light industry bureau No 2, deputy director: Ma Wei-yi;
Textilo industry bureau, director: Ping Mao Lu;
Transport bureau, deputy director: Li Ju-Chang;
Commercial bureau, deputy director: Liu Heng-shan;
Foreign trado *bureau,* director: Yu Zi-ping;
Grain and food bureau, deputy director: Cao Yun-jiang;
Aquatic products bureao: Li Li-yan;
Electricity industry bureau, deputy director: Cha Ke-ming;
Metallurgical industry corporation, assistant chief manager: yu Yan-zhong;
Coal industry corporation, *assistant manager: Lu Zhen* go;
Posts and telecommunications bureau deputy director: Wu Qing-hua;
Geology and *minerals* bureau deputy director: Cheo Da-Xiao;
Electronics corporation assistant manager: Sun Xi-tang;
Medical corporation assistant manager: Pan Tao;
International economic and technical co-operation company: Lo Zi-Cheng;
Supply and marketing society director: Yu Hoog-kuan;
People's Bank of China, Shandong, deputy manager: Wang Xiao-min;
Agricultural bank of China, Shandong, assistant managor: Zheng Chuan-ji;
People's Construction Bank of China, Shandong, assistant manager: Cheo Qi;
Bank of China, Qingdao, manager: Zhang Zhi-fei.

Street cobbler at the free market, Qingdao

Three cities in one

Qingdao

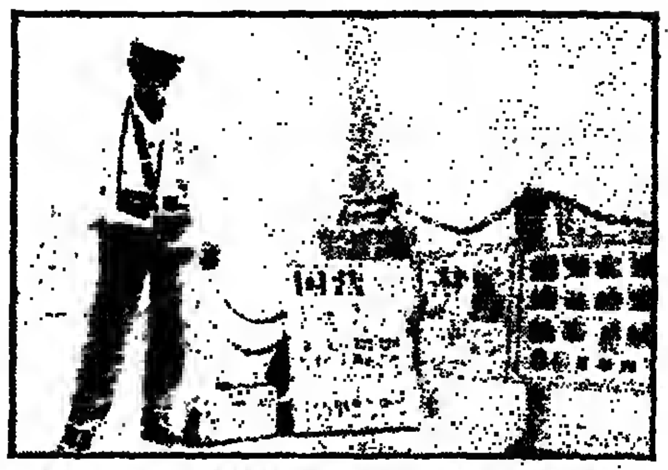
David Dodwell

On Qingdao pier on any hot June afternoon, photographers in bright jackets, flat hats and some with dark sunglasses snap day-trippers —mostly pretty girls, young couples or mothers and daughters—in much the same way they would on Blackpool promenade.

A quarter of a mile around the bay, on the city's number one bathing beach, a Disneyland village of changing-*houses is close to completion* just three months after the quaint but ramshackle wooden bathing huts that have lined the beach for 50 years were demolished.

A team of contract workers has worked round the clock —by floodlight, often into the early hours of the morning—to make sure the houses were ready for the great tourist influx at the beginning of July. Over 1m Chinese tourists visit Qingdao each year, and in peak season, as many as 150,000 bathers pack the beach.

These two images reflect *just one of the three cities* that make up Qingdao — behind the sedate tree-lined boulevards of the city the holidaymakers see lie one of China's largest ports, both commercial and naval, and a major industrial city — but they give an important insight into the independent-minded people of the region, and into the changes that have been occurring in China over the past four years.



Waiting for day trippers, a photographer ready to take a quick snap on Qingdao pier

The photographers are, in official language, "practising diversified economy." They are part of Deng Xiaoping's effort to invigorate a *moribund economy* and eliminate unemployment.

So too are the free markets, colourful outlets for self-employed traders who, formerly denounced as "capitalist roaders," are today not only tolorated but encouraged.

The labourers building the changing houses worked on a piece rate contract where they were to be paid the same whether the job took two weeks or two months — an arrangement impossible to imagine *four* years ago, but ample proof that Chinese workers, like those in most *countries, will work all hours* if the material incentives are powerful enough.

While Shandong as a province has played a long and important part in China's history, Qingdao itself is quite young. Growth towards *the* present *city of* 1.1m people really began at the turn of the century, while the city was a German colonial possession. The port dates from 1904, as does the Qingdao brewery, whose beer is even today probably Qingdao's most famous single export.

Young as it may be, Qingdao is now China's fourth largest port, handling 22m tons of cargo last year, and one of China's leading *industrial cities. Major* enterprises have grown up around Shandong province's natural wealth in agriculture, marine products, minerals like coal, granite and marble, and gold.

Fast growth has bred a confidence in future growth, which is no doubt one of the reasons why Qingdao has been chosen as one of the 14 Chinese coastal cities to be opened up to the outside world.

Already, *within* months of winning the new "open city" powers — which include the power to agree industrial ventures of up to U.S.$5m without reference to higher authorities, to offer preferential tax rates, and to make direct contact with potential overseas partners — the city has pinpointed 88 industrial projects in which it is seeking foreign collaboration, has mounted a large international trade conference, and has *detailed plans for expansion* of its port, establishment of a special economic zone, and development of tourism.

Confidence also comes no *doubt from the fact that most* factory managers have a long-standing involvement in export trade, and have clear ideas on how to increase it.

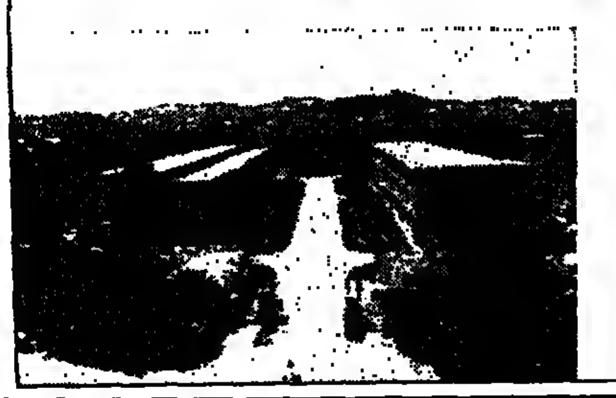
Exports last year were worth Yuan800m—about 10 per cent of the city's industrial output —and have grown over the past four years at a rate of 10 per cent a year.

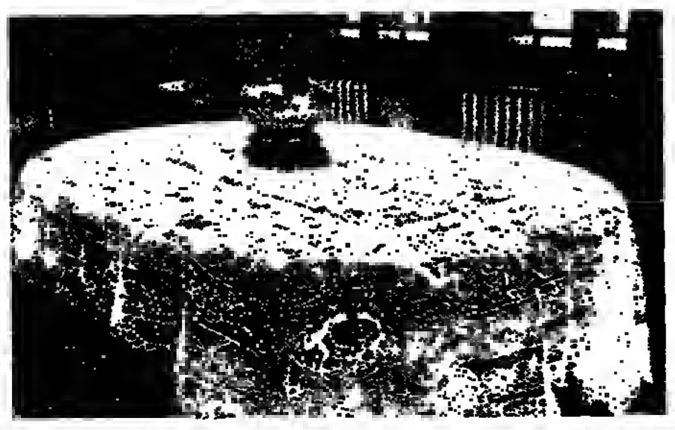
Its authorities have a familiarity with the ways of international business that is uncommon in China. The Bank of China, for example, has had its regional administrative branch in Qingdao for over 30 years. In 1983, the assets of the branch amounted to Yuan21bn—15.3 per cent of its total assets nationwide.

The investment programme intended to pave the way to closer involvement with the outside world is a substantial one. Projects aimed at rejuvenating outdated equipment are expected to absorb Yuan2.9bn between now and 1990. The first stage of the new economic zone at nearby Huangdao is expected to cost Yuan230m. Double tracking of the railway to Jinan and Peking will be completed next year, as will expansion of the city's airport at Liuting to allow it to take Boeing 747s on international flights from Japan and Hong Kong.

Tourist townships are planned for the long, and at present empty, beaches at Xuejiadao, west of the city, and at Shilaoren, eastward on the road towards the grand and mystical Laoshan mountain chain—even today seen as one of the main homes of Taoism.

The authorities talk of earning US$50m a year from tourism by 1990, with sea cruises from Japan and Hong Kong, international conferences, and centres for water sports. One can only conclude that the city's promenade photographers are in for a busy time.





SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday September 4 1984

French insurer set to take control of Banque Worms

BY PAUL BETTS IN PARIS

L'UNION des Assurances de Paris (UAP), France's largest nationalised insurance group, is about to take control of Banque Worms, the country's fourth largest state-owned investment bank. It will be the first significant merger between a leading French insurance group and a leading French investment bank.

Banque Worms is to hold a board meeting today to finalise the negotiations with UAP and approve the merger. The negotiations between the country's biggest insurance group and the investment bank were confirmed by a Banque Worms official yesterday.

The proposed merger might set a trend in France after the increasing mergers of financial service groups in the U.S. and the UK. The merger is clearly designed to help UAP to diversify its operations while strengthening the position of the investment bank.

UAP, whose chairman is Mme Yvette Chassagne, reported a strong financial performance last year with net profits of FFr 804m ($90.7m). That was a 40 per cent increase over the previous year's earnings.

Banque Worms, on the other hand, suffered a further fall in net profits last year as a result of increased provisions in France and abroad.

Net profits declined to FFr 12m last year from FFr 16m in 1982. The bank bas been discussing for some time the possibility of an alliance with another French financial group wbose interests would be complementary to its own.

After nationalisation of the banking system, the Socialist Government has encouraged the merger of smaller banking groups with larger institutions to reinforce their structure. That recently led to an association between Crédit Commercial de France (CCF) and the former Rothschild bank, renamed after nationalisation L'Européenne de Banque, with the CCF due to take majority control of the former Rothschild bank next year.

For its part, Banque Worms bad declined last year to enter into collaboration with Banque Vernes or Banque Parisienne de Crédit

The associatioo with UAP will represent the first important decision of M Jean-Micbel Bloch-Laine, the recently appointed new chairman of Banque Worms. M Blocb-Laine, the former head of the Directioo Générale des Impôts took over the chairmanship of the investment bank this summer from M Georges Vianes.

Royal Bank of Canada in venture with China

ORION ROYAL Pacific, the Hong Kong-based merchant banking arm of the Royal Bank of Canada, and the China International Trust and Investment Corporation (CITIC) have set up a joint venture company to provide financial advice, project finance and syndicated credits to companies doing business in China, **write David Dodwell in Hong Kong and Bernard Simon in Toronto.**

The new institution, to be known as China Investment and Finance (CIF), bas beeo under negotiation for almost 10 months. It is scheduled to begin operations by December with total sbareholders' equity of $4.1m, and both partners will bave a 50 per cent stake.

The venture is likely to provide a powerful combination, since CITIC is a key player in a wide range of projects in China that involve foreign participation.

Under an agreement signed yesterday, CIF will be created from an existing Hong Kong-based deposit-taking company, RoyEast Investments, whicb is owned by the Royal Bank. It already has a paid-up capital of $2.05m and CITIC will acquire its 50 per cent bolding by injecting a further $2.05m.

Mr Geoff Styles, Royal Bank's senior executive vice-president for world corporate banking, said: "The prospects of trade and project financing in China are really just starting to open up." Royal Bank has had a correspoodent relatioo-ship with the Bank of China since 1954 and was the first Canadian bank to open a representative office in Peking.

CIF will initially conceotrate oo project and trade financing and syndicated loans for Chinese borrowers. Among the projects in which it is likely to be involved is the supply of Canadian equipment for a oew coal mine in China. Mr Styles said, bowever, that the venture's activities would oot be confined to Canadian suppliers and leoders.

Its operations may be expanded later to include leasing, commercial lending and capital market issues. The institutioo is a registered Hong Koog deposit-taker. The chairman of China Investment and Finance will be Mr Song Ziming, a vice-president of CITIC. A senlor Royal Bank official, Mr Robin Gray, bas been appoioted managing director.

A similar Hong Kong-based venture oriented towards general financial services was set up earlier by the Bank of China in partnership with the First National Bank of Chicago and the Industrial Bank of Japan.

Oilmen decide to mind their own business

ATLANTIC RICHFIELD'S announcement that it was taking a $785m writedown in its third quarter and selling large parts of its relatively young metals and chemicals operations is the clearest signal so far that the U.S. oil giants are admitting that many of their receot diversification moves bave failed.

When Fortune magazine recently asked Wall Street analysts to name the most disastrous takeovers of the last decade, it found that four out of the seven acquisitions most frequently mentioned had beeo made by cash-rich U.S. oil companies. Of the remaining three cases, Baldwin-United and Wickes each filed for bankruptcy after they had consummated their respective takeovers of Mgic and Gamble-Skogmo and Pan American barely escaped a similar fate following its 1980 takeover of Natiooal Airlines.

Giveo the financial strength of Atlantic Richfield (Arco), Mobil, Exxon and Standard Oil Company of Obio (Sohio), to name the worst offenders, there was never any suggestion that their core businesses woold be burt by the buge losses run up by some of their acquisitions. Nevertheless, there are clear signs that many are radically rethinking their diversificatioo strategies and concentration on what they understand best – the oil business.

Arco's latest annual report explains wby there was such pressure on the oil companies to diversify out of the oil business in the late 1970s. "Amid threats of governmeot-mandated divestiture and continuing price controls, the petroleum industry faced the dilemma of how to grow and prosper," the company explaioed.

Arco decided to buy Anaconda, one of the biggest U.S. mining groups, in 1977. The mining busioess was depressed and Arco has able to pick the company up at less than book value, hoping that in time the investment would come rigbt. However, it has been overtaken by the depth of the recession in the industry. Between 1980 and 1983 Anaconda's minerals operations, basically copper, molybdenum and coal lost $728m and in the first six months of the current year lost another $44m.

Anaconda's metal operations made money initially but bave found recovery from the recession difficult, losing $239m in 1982-83 and another $102m in the opening months of the current year.

Earlier this year Arco announced plans to sell most of Anaconda's old aluminium operations to Canada's Alcan and in late July announced an "orderly divestment of other units in the company's Arco Metals division."

Arco's action will focus attention oo Britisb Petroleum's majority-owned U.S. subsidiary, Sohio, whicb has been struggling for the last four years with its $1.8bn investment in Kennecott, the world's biggest privately-owned copper producer. Sohio's earnings bave been heavily peoalised by Kennecott's losses.

Sohio bougbt Kennecott for much the same reasons as Arco bougbt Anaconda, but paid a mucb higber price, roughly one and a quarter times book value. Since then Kennecott has lost around $400m. It bas sold Kennecott's carbourundum abrasives business and taken a $56m cbarge-off. Wall Street analysts bowever, believe it needs to take tougher action.

Arco and Sohio can legitimately argue that their iovestments io Anaconda and Kennecott are in industries which are not too far removed from their own business, with the accent on exploration and getting resources out of the ground. Their mistake was that they were caught out by the depth of the recession.

The failure of Mobil and Exxon's acquisitions outside the oil business are less excusable. Exxoo's $1.2bn acquisition of Reliance Electric io 1979 will be remembered as a casebook corporate blunder.

Exxon bougbt the Cleveland-based electrical component company for roughly twice market value to promote an inventioo whicb promised dramatically to raise the efficiency of electric motors. The gadget would enable U.S. oil consumption to be cut by 1m barrels a day by 1990, claimed Exxon.

Exxon's inventioo, however, known as the alternating current synthesis project, could not be successfully mass-produced. Two years later Exxon scrapped the project, and was left owning an electrical conglomerate for which it had no real use. In three out of the last four years Reliance, whicb has revenues of $1.4bo and capital employed of $1.3bn, has lost money.

Mobil's acquisition in the 1970s of Montgomery Ward, one of America's biggest retailers, and the Container Corporation of America, the country's biggest paper board packaging group, have also illustrated the difficulties oil companies face in trying to run companies outside their mainstream business.

Shortly after Mobil bougbt Montgomery Ward it was earning more than $100m a year after tax, but rising interest rates soon hit the group's credit operation, pushing it into the red. Over the oext few years it lost more than $400m and although it made a modest $40m profit on sales of $8.1bn last year, it has dipped into the red again this year.

Mobil's experience with Cootainer Corporation has not been much better. Its earniogs have fallen steadily from $71m e year io 1980 to break even last year on sales of $1.8bn. Management has been reorganised and a major cost-cutting campaign instituted but Contaioer Corporation is still a long way from matching the sort of return Mobil demands from its oil operations.

Aside from the above well publicised blunders, U.S. oil companies bave spent billions of dollars over the last decade expanding ioto chemicals, oil sbale, coal and uranium. Some of the ventures have beeo successful and provided the companies with new sources of income, but it is evident that much of the money bas been spent unwisely.

Indeed it could be argued that several of the big oil companies bave been squandering their resources in their attempts to diversify and would have been better off handing the cash back to sharebolders. This message seems to be getting across.

Arco sweetened the news of its massive writedown by announcing that it planned to buy back up to 25m of its shares, or 10 per cent of its equity, whicb will cost it over $1bo. Several other U.S. oil majors, including Exxon, Sohio and Standard Oil Company (Indiana) bave also spent substantial sums buying in their shares in receot months, which is one of the casiest ways of giving money back to shareholders

WILLIAM HALL

US OIL COMPANIES' MAJOR DIVERSIFICATION MOVES

	Date	Cost $bn	Company	Approx. 1983 revenues $bn	
Mobil	1974–76	1.8	Montgomery Ward	6.6	Sixth biggest U.S. retailer
			Container Corp.	1.8	Biggest U.S. paper packaging group
Arco	1977	0.7	Anaconda	n.a.	U.S. mining and metal group
Exxon	1979	1.2	Reliance Electric	1.4	Electrical components
Sohio	1981	1.8	Kennecott	0.7	Biggest U.S. copper producer
Occidental	1981	0.8	Iowa Beef Processors	6.7	Biggest U.S. beef packer

Farmitalia hit by drug withdrawal

By James Buxton in Rome

FARMITALIA Carlo Erba, the Italian pharmaceutical company, has made special provisions of L10.5bn ($6m) for losses incurred through the withdrawal from sale of its anti-arthritis drug, Flosint.

The Milan-based company, part of the Montedison group, withdrew the drug from the market last month.

The L10.5bn provision is gross of tax. Taking tax into account, the measure will cost the company L6bn.

Sales of the drug, which was introduced in 1982, were worth L37bn in 1983. This was 5 per cent of a sales figure of L798bn, on which the company made net profits of L68.5bn. This year it expects to record sales of about L900bn and make a proportionately bigger profit.

Flosint was withdrawn after several other anti-arthritis drugs had been withdrawn. Britain's committee on medical security reported at the time that 217 patients had suffered adverse reactions as a result of using Flosint and that the use of the drug was linked with seven deaths in the UK.

Sharp interim recovery for Bank Hapoalim

BANK HAPOALIM, Israel's second largest bank, has reported a net operating profit of U.S.$8.2m for the first half of 1984, marking a sharp recovery from the record U.S.$101.1m operating loss for the whole of 1983. Israel's other three largest banks also declared operating losses for 1983.

The bank's consolidated assets dropped to U.S.$18.5bn from U.S.$19.5bn at the end of 1983. The bank said it had decided to change its emphasis from increasing assets to increasing profits, and had therefore run down its less profitable or money-losing operations.

The half-year report showed total operating profits of 8.554bn shekels, or U.S.$36.2m, but adjustment of the accounts for the constantly falling value of the shekel brought the net figure to U.S.$8.2m. Israel's annual inflation rate at the end of July stood at 354 per cent. AP-DJ

Fresh aid for Arbed likely

SAARBRÜCKEN – the Saarland state cabioet plans to approve fresh aid of about DM 100m ($34.8m) to Arbed Saarstahl today. Herr Edmund Hein, Finance Minister for Saarland said.

The aid, which forms part of a mini-budget dne to be approved by the state parliament later this month, will bring total cash support to Saarstahl this year to around DM 200m. Agencies

Germany challenges UK-Brazil mining deal

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRITAIN'S most important export order from Brazil for sophisticated coal-mining equipment, from the Dowty Group, is in danger of being cancelled, because of challenges from its West German competitors to the validity of the tender award.

Dowty Mining Equipmeot, a subsidiary of the Tewkesbury based company, received a telex in late April from CRM, the Rio Grande do Sul state-owned mining company, stating that it had won the U.S. $21m cootract to provide longwall mining faces for a major oew coal mine.

The project – part of the development and modernisatioo of Brazil's coal-mining industry – is being financed by the Inter-American Development Bank. The order excited strong competitioo from four countries: the UK, West Germany, France and Japan.

The challenges to the Dowty order, which breaks new ground for British companies in southern Brazil – a region traditionally dominated by German industry – have beeo based on allegations of irregularities in the tender award, as well as oo more generalised political grounds.

Gewerkscbaft Westphalia AG and Hermann Hemscheldt, the two German rivals, have over the past few months both tried either to bave the decision reversed or force the cancellation of the tender.

INTL. COMPANIES & FINANCE

Continental Gummi to go on with tyre launch

By John Davies in Frankfurt

CONTINENTAL - GUMMI, West Germany's biggest tyre maker, is continning efforts to Introdnce its new type of tyre, the so-called ContiTyre-System.

Herr Wilhelm Schaefer, the board member responsible for tyre marketing, said be believed that the new tyre could be launched on the market in abont two to three years.

In the meantime at least one car model equipped with the ContiTyreSystem would be on display at the International Antomobile Exhibition in Frankfurt late next year. However, be declined to disclose wbicb car manufacturer was involved.

The new tyre, unveiled by Conti-Gummi late last year, would book over the rim of a wheel rather than hanging from it and the company claims it would be safer, would last longer and redoce fuel consumption. The Hanover - based company envisages linking np with partners to prodnce the new tyre.

Herr Schaefer said that Conti-Gummi bad spent more than DM 30m ($10.3m) on development costs for the new tyre so far and envisaged a total outlay of about DM 80m. Investment in tecbnology is part of its "snrvival strategy."

Conti-Gummi lifted its gronp sales revenne to DM 1.65bn in the first half of this year, np 1.3 per cent on the same period last year, despite the seven-week engineering strike which shut down most vebicle assembly in West Germany.

The company's tyre division, embracing the Continental and Uniroyal brands, increased its sales revenoe by 5 per cent to DM 987m. Herr Schaefer said that the strike cost the tyre division about DM 60m in lost revenue.

Herr Schaefer said that although motor vehicle makers were trying to make np for lost outpnt, they would probably miss ont on prodnction of 300,000 vehicles this year. This meant that Conti-Gummi would miss out on an ontlet for half a million tyres.

Bnt Herr Schaefer said that all divisions—tyres, technical rubber products and other operations—were still profitable. After a big improvement in profits last year, the company made a dividend payment of DM 3 per share—only its second payout since 1971.

The West German company increased the number of car tyres sold in the first half of this year by 1 per cent despite the strike, wbile the number of truck tyres sold was up 7 per cent.

Nimslo looks for a new image

BY ELAINE WILLIAMS IN LONDON

NIMSLO International, the troubled 3D camera manufacturer, is planning a major reorganisation of its business and product line, according to Mr James Davidson, the new chairman.

He is expected to announce radical changes after the company's half-year results at the end of the month.

Mr Davidson, previously deputy chairman, has taken over from Mr Jerry Nims, the founder of the company, who resigned from Nimslo at the weekend.

Nimslo is expected to expand its activities in the professional camera market where it sees its best chance of making a profit. This follows disappointing sales in the consumer camera market which resulted in heavy losses last year. This change will take place over the next year or so.

In addition, the company wants to bring down the price of its camera and the processing cost of the film.

Mr Davidson feels the price of £70 to £90 ($91-$117) for the basic camera is too high for the average user.

Output may be reduced to meet lower sales than expected. Discussions are being held with Sunpak and Ricoh.

The camera was initially produced at the Timex plant in Dundee, Scotland.

Both Timex and Nimslo are owned in part by Mr Fred Olsen, the Norwegian tycoon.

More than $50m was raised in the UK for the venture as well as an undisclosed sum from the Olsen group. Before a single camera was sold in 1980 the company was capitalised on the London stock market at £250m. By 1983 its value had dropped by more than 80 per cent.

The camera has four lenses placed side-by-side. It employs ordinary film but uses two frames per picture. When printed, the multiple images are placed on top of one another to produce a three-dimensional effect. 3D cameras are not new; camera enthusiasts have produced such images for many years, but the technique had not been thought suitable for general use.

Nimslo's disappointing sales have borne this view out. The company suffered a loss of $31m in 1983.

Interim setback at Cheung Kong

BY DAVID DODWELL IN HONG KONG

CHEUNG KONG, the Hong Kong property group, has announced pre-tax profits for the six months to June 30 of HK$152m (US$23.2m), a fall of HK$12.2m. The group also revealed extraordinary losses of HK$126.3m, which stripped net profits to just under HK$18m, compared with HK$159.7m last year.

Mr Li Kashing, the chairman, said full-year profit would be "far lower" than last year. The property market remained weak, and he expected "no substantial general upturn in the near future." However, the interim dividend has been maintained at 15 cents a share.

The poor results were largely expected because the results of several of Cheung Kong's troubled subsidiaries and associates have been released, indicating the parent company's likely performance.

International City Holdings, in which a widely-publicised HK$1bn property deal with the Peking-controlled Ever Bright Industrial collapsed in June, made provisions of HK$508.6m in its accounts for the first half. The effect on Cheung Kong, which has a 30 per cent holding, was a HK$114m cut in ordinary profits and an extraordinary loss of about HK$42m.

Green Island Cement, of which Cheung Kong holds 32 per cent, announced a half-year loss of HK$40m, and an extraordinary loss of HK$80.3m resulting from writing off its investment in China Cement, a joint-venture cement company in Hong Kong.

The impact on Cheung Kong was a HK$13.4m cut in ordinary profit, and an extraordinary loss of HK$27m. Cheung Kong has written off its own HK$98m investment in China Cement—a company whose current financing situation is "very serious," Mr Li said.

Losses would have been greater had it not been for an extraordinary profit contribution of just over HK$70m from Hutchison Whampoa, a trading associate.

Cheung Kong, with debts at the end of 1983 of HK$2.2bn, and interest payments amounting to HK$207m, has become increasingly dependent on the strength of Hutchison.

Pargesa net shows another strong surge

By Our Financial Staff

PARGESA, the Swiss holding company which is also a major bank, reports another strong surge in profits and plans to further increase its dividend.

Net profits for the year ended June 1984 have risen to SwFrs 86.7m ($35.9m) against SwFrs 30.4m a year earlier and profits of SwFrs 11.9m for the preceeding six months period. The dividend is going up from SwFrs 40 a share to SwFrs 48.

Pargesa, which in 1981 took control of Paribas Suisse, has expanded rapidly in recent years. It holds a near 25 per cent stake in Groupe Bruxelles Lambert, Belgium's second largest holding company, and is itself backed by major shareholders.

These include the Albert Frere Group of Belgium, Power Corporation of Canada, Volvo of Sweden and the Becker group of the U.S. Earlier this year Pargesa in conjunction with GBL, took a 29.9 per cent stake in the London merchant bank Henry Ansbacher.

The company has interests in Drexel Burnham Lambert the New York securities house, and Radio Luxembourg.

● The latest Swiss government bond fell short of its SwFrs 250m ($130.7m) marker when applications closed on Friday. The issue has raised just SwFrs 230m with the minimum tender price set at 99.8. The 12-year bond carries a coupon of 4¾ per cent. The issue has had to struggle against a background of very firm Swiss short-term interest rates following the weakness of the Swiss franc

Mack Trucks to reduce output by 13%

BY PAUL TAYLOR IN NEW YORK

MACK TRUCKS, the U.S. heavy truck manufacturer in which Renault of France has a 45 per cent stake, plans to cut production significantly in November, because of expected lower demand over the winter months.

Mack, which in common with other U.S. truck makers, accelerated production earlier this year, to meet the booming demand, said it would cut daily production rates by 13 per cent, from 154 units a day to 134 units.

Mr John Curcio, president and chief executive, emphasised that such adjustments "are normal procedures, reflecting anticipation of traditional reduced industry demand during the winter months, and the desire to maintain prudent inventory levels."

He said initially Mack had responded cautiously to the sharp rise in demand late last year but added that factory sales increased by 130 per cent in the first six months of this year, with an industry average increase of 119 per cent.

Mr Curico added that the heavy duty truck industry was closely tied to national economic activity—with growth rates that "should tend to level off somewhat with the recently reported slowdown in GNP growth."

Despite this, he said Mack's full year results this year would be the highest since 1979 in terms of sales, production and earnings. Last year Mack lost $26.2m on sales of $1.2bn, but it reported net earnings of $31.6m on sales of $1.01bn in the first six months of the year.

● Mr Marvin Runyon, president of Nissan Motor Manufacturing, said that Nissan's U.S. operations would not be profitable next year, as originally projected. Because of an extra $85m investment for retooling associated with Nissan's plans to produce passenger cars at its Smyrna, Tennessee plant (announced in May), which has been building small trucks, the U.S. operations would not be profitable until 1987, he said.

INTL. COMPANIES and FINANCE

Strong commodity prices lift Sime

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, Malaysia's biggest non-oil company, has reported a 94 per cent increase in pre-tax profits to 214.3m ringgit (US$93m) for the year to June on turnovar up 13 per cent to 2.46bn ringgit.

The results, which exceeded the projections of most analysts, were made largely on the strength of commodity prices. The performance of Sime's other activities was subdued.

After tax and minority interests, net profit was 84.8m ringgit, up 53 per cent. In addition, there was an extraordinary gain of 22.2m ringgit, compared with 75.2m ringgit previously, resulting from the sale of Sime's 10 per cent stake in Mills and Allen, the U.K. insurance broker, and the sale of Taiping Consolidated, and after deducting a write-down of 17m ringgit on the value of its Hong Kong properties.

Sime'a plantation division recorded earnings of 151m ringgit, np by more than 160 per cent. Although production of palm oil and rubber was down by more than 10 per cent, the impact was well absorbed by a surge in palm oil and rubber prices.

Results of the tractors division, the groups second biggest earner, were disappointing. It was plagued by stiff competition, bigh stocks and bad debts aggravated by exceptional rains in East Malaysia which virtually balted logging.

The division made pre-tax profits of 9.1m ringgit, against 7.9m ringgit previously, but this was due to cuts in costs rather than sales and there is little evidenca of an early recovery.

The Hong Kong and Philippines divisions saw a mild recovery. Profits could have been higher but for political uncertainty and a 30 per cent devaluation of the peso.

Sime is paying a final dividend of 6.8 cents on 783m shares, making an unchanged total of 10.8 cents for the year.

Sima's three listed subsidiaries—Tractors Malaysia, Consolidated Plantations and Benta Plantations—hava also declared final dividends of 20 cents, 18 cents and 48.3 cents respectively. This brings their total dividends for the year to 30 cents (unchanged) for tractors, 26 cents (10 cents previously) for ComPlant and 58.3 cents (3.3 cents previously) for Benta.

● Genting, the Malaysian casino, hotel and property group, has announced a further diversification into plantations with the purchase of a 15,000 acre company io the east Malayslan state of Sabah for 68.7m ringgit (U.S.$29.8m).

The purchase of Sabab Development Company from the Kwan family will be satisfied by a cash payment of 13.7m ringgit, and an issue of 13.09m Genting shares valued at 4.2 ringgit each. With the purchase, Genting's plantation acreage will rise to nearly 70,000 acres.

Sabah Development Company owns two estates in Sabah. One, in Labuk district, covers slightly over 10,000 acres and is planted with oil palms, while the other of 5,000 acres in Kinabatangan is being developed for cocoa.

Genting said that, after completion of the purchase, it would take steps to allow 30 per cent Malay ownership in the new company in line with the government's New Economic Policy.

Kien Huat Realty, a company owned by Tan Sri Lim Gob Tong, Genting's chairman, will also buy 25 per cent of the new Genting shares from the Kwan family at 4.2 ringgit each. Genting sbares are being traded presently at around 6 ringgit.

Komatsu hit by fall in exports

By Yoko Shibata in Tokyo

KOMATSU, THE Japanese construction equipment maker, bas reported a 6 per cent drop in consolidated net profit from Y14.75bn to Y13.8bn ($57m) for the six months ended June 30. Parent company results, issued in late July, showed a 12.4 per cent drop, blamed on shrinking export business to the Middle East, and were described by the company as the main reason for the drop at group level.

Consolidated sales for the six month period, at Y352.7bn, were down 8.2 per cent from the first half of last year.

Domestic sales of both construction equipment and industrial machinery showed strong gains in the half year, thanks to replacement purchase by Japanese companies. Domestic sales rose 9 per cent to 44 per cent of the total.

Komatsu is predicting a Y10bn drop in group sales to Y750.5bn for the current year as a whole as a result of its difficulties in the Middle East. Export sales dropped by nearly 22 per cent in the first half of this year to Y167bn, desplte a marked recovery in those destined for the U.S. market.

With the continued recovery in U.S. markets the company says that full-year group earnings should reach the Y26.3bn acbieved in 1983.

Poor interim results from Singapore store groups

BY CHRIS SHERWELL IN SINGAPORE

TWO PROMINENT Singapore department store groups—C. K. Tang and Isetan—reported poor interim figures yesterday because depressed trading conditions have continued to plague the state'a retailing sector.

Tang moved further into the red, reporting an after-tax operating loss of S$920,000 (US$427,000) for the six months to June on turnover down 8 per cent to S$30.6m. Profit in the same period last year was S$696,000.

Isetan reported an after-tax operating profit for the six months to May of S$1.16m, almost 80 per cent down on the S$5.6m achieved in the corresponding period of 1983. Turnover was 4 per cent higher, at S$62.4m.

The disappointing performancs of the retailing sector as a wbole is the result of greatly expanded shopping facilities, fewer visitors, and a strong Singapore dollar. No matter retailer bas escaped the impact of the poor conditions and intensifying competition.

Tang said yesterday that a recovery was not expected until the next half year and Isetan said profit in 1984 would be less than for 1983.

Advance in profits and higher payout at Sasol

BY JIM JONES IN JOHANNESBURG

SASOL, the Sonth African oil-from-coal producer, earned a pre-tax profit of R431.2m ($274m) in the financial year ended June 30 1984. The after-tax profit was R412.4m. In the previous year pre-tax profit was R388.2m and after-tax profit R232.2m but the directors say that the two years' figures are not strictly comparable.

In Novembar last year the group raised R778m by means of a rights issue of 187.5m new shares and used the money to buy the state's 50 per cent interest in the Sasol 2 production facility. Tbis left Sasol owning all of the Sasol 2 plant.

Earnings per share increased to 73.3 cents from 61.9 cents and the total dividend has been raised to 33 cents from 25 cents. The directors warn that the group's tax liability will increase significantly in the current financial yesr but nevertheless after-tax profit is expected to show a satisfactory increase.

The state owns 30 per cent of Sasol through various state-owned companies.

Earnings at Boral up 74%

By Lachlan Drummond in Sydney

BORAL, the Australian building products group, bas scored an impresive 74 per cent jump in net earnings from A$54.6m to A95.1m (US$80.8m) for the year to June 30.

Improved conditions in the Australian housing and road construction market and in the increasingly important U.S. housing sector were behind the increase, which came on a 24 per cent increase in sales to A$1.36bn.

A large part of the improvement reflects the benefits from the A$200m takeover of BMI, the concrete and gravel group, almost two years ago—an acquistion whicb contributed only A$7m last year but which will have contributed close to A$30m this time.

U.S. operations boosted sales by 60 per cent to more than A$100m and were strongly profitable. Boral continues to expand its roofing tile, brick, and fly ash interests there.

Boral was well aloog the growth path for the first half, with earnings A$16m ahead to A$43m, but put on a further A$52m in the final six months. Pre-tax earnings for the year were up from A$92.6m to A$153.4m.

The company is hopeful that continued efforts to reduce costs and increase efficiency will allow for further earnings growth in the current year now that its main trading markets have reacbed a demand plateau.

Tight control and strong cash flow allowed Boral to reduce borrowing by some A$60m to around A$280m in the latest year, and its interest bill was trimmed by A$5m to A$36m.

The annual dividend has been increased by an effective 10 per cent with an unchanged total of 15 per cent this year, but with the final dividend of 7.5 per cent payable on capital to be increased by a one-for-five-scrip issue. Profits per share rose from 23.6 cents to 41.1 cents.

Boral ia currently bidding for control of Oil Company of Australia and has lifted its stake to some 68 per cent. It has been opposed in its buying by BT Australia the merchant bank wbich has built np a stake of almost 12 per cent, enougb to block Boral from compulsorily acquiring OCA.

Family Bank takeover approved

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINE Central Bank has approved an acquisition move that would pave the way for the creation of the largest local privately-owned commercial bank in tbe country. The Bank of Philippine Islands (BPI), with total resources of 12.1bn pesos (US$667m), will absorb the Family Bank and Trust Company, wbose total assets amount to 6bn pesos, making BPI the third largest bank in the country after the state-owned Philippine National Bank (PNB) and the local branch of Citibank.

Sr Jose Fernandez the Central Bank governor, said prompt approval of tha acquisition was given because there was on legal impediment to the move and because it was in line with the Central Bank's policy of encouraging bank mergers.

A day before the BPI-Family Bank negotiations were announced, Mr Fernandez launched his "crusade for sound and responsible banking," aimed at cleaning up the trouble-ridden banking system by reducing the number of financial institutions in the country, leaving only the more stable and efficient banks.

BPI bas grown considerably in the last few years, belped by the earlier acquiaition of four institutions — two banks, a finance company, and a leasing company. Details of the acquisition of Family Bank are not yet known and the actual purchase price to be paid by BPI would depend on the results of an andit being undertaken on Family Bank'a assets and liabilities. Family Bank's net worth is thought to be around 800m pesos.

Family Bank was one of the worst affected by the widespread bank-run last month triggered by the temporary closure of Banco Filipino, the Pbilippines largest savings bank. Family Bank suffered from its image as a savings bank, since it was the largest savings bank before becoming a commercial bank in 1981.

Althougb Family Bank survived the bank run without asking or emergency funds from the Central Bank, its financial condition was considerably weakened.

Included in BPI's acquisition are two of Family Banks' subsidiaries, Filinvest Credit Corporation, the country'a largest financing company, and Filinvest Finance (Hong Kong), a deposit-taking company

UK COMPANY NEWS

Hawley, up £6m, lifts payment

SATISFACTORY trading across the board in its main areas of activity ensbled the Hawtey Group to lift its pre-tax profits hy nearly £6m over the first six montbs of 1984.

With current trading up to expectations the directors, headed by cbairman Mr Michael Asbcroft, are anticipating a "more than satisfactory" outcome for the full year.

Profits for the opening half accelerated from £5.1m to £11.01m and sbarebolders' dividend for the period is being stepped up by 0.13p to 0.79p net on the capital as enlarged by the £34.3m rights issue of last Marcb.

Earnings rose by 1.6p to 4.2p per 12½p share.

Turnover of the group, which is now seeting the henefits of its ecquisition and reorganisation orogramme carried ont over the last few years, showed a aharo imnrovement from £51.37m to £119.23m.

The Hawley Group's main activities are security services, cleaning and maintenance, home imnrovements and travel.

At the annual meeting in May Mr Ashcroft said the three main activities were capable of above average growth and would sustain the group's growth over the next decade.

Shareholders were told that plans were at an edvanced stage, in conjunction with the British Car Auctioos Group, to transfer certain of their joint interests into a separately quoted investment company which would be self financing and professionally managed.

Tax for the half year accounted for £1.37m more at £2.67m. The charge was calculated at rates enacted in the Finarce Act 1984. An edjustmer', to take account of the change in deferred tax will be included in tha year-end accounts hut this is not expected to be of e material nature.

Minorities took £1.9m (£1.48m) after which profit for the half year emerged ot £6.44m, compared with a previous £2.32m.

Mr Michael Ashcroft, chairman of Hawley Group.

Dividend payments will obsorb £1.44m (£782,000) to ieave a retained balance of £4.99m (£1.54m).

Groop pre-tax profits for the 1983 year totalled £14.23m. The figures were acbieved on a turnover of £136.98m.

● Including results from the successfully Integrated Kitchens Direct ecquired last March, Kean and Scott Holdings, Hawley's 75 per cent owned subsidiary, increased taxable profits from £1.44m to £4.13m in the first half of the year.

The interim dividend is doubled to 0.666p net per share. Last year's total was 1.1p.

The directors of this home improvement manufacturer, state that trading conditions continue to be generally good, and the impact of the Budget changes in VAT has been in line with expectations.

They anticipate a "more than satisfactory outcome for the year as a whole."

With comparahle figures including results from Alpine Holdings from March 1983, turnover rose from £14.29m to £38.37m. The charge for tax was up from £360,000 to £1.36m, with earnings per share given as 3.1p (1.5p).

The company's shares are traded on the USM.

● Excluding results of suhsidiaries disposed of Hawley subsidiary Insight Gronp showed a considerable improvement in the same six months.

This travel agent and tour operator, formerly known as Bieck and Edgington (Holdings), lifted pre-tax profits from £289,000 to £1.05m and is to pay an interim dividend of 0.75p.

The figures for the comparative period include the results of all suhsidiaries then owned and relate to Black and Edgington. They are therefore not directly comparahle.

Turnover totalled £9.89m (£26.81m). There has been a record number of tourists in the UK during 1984 and the company anticipates a continued improvement in the second balf.

Tax took £485,000 (£150,000) and minorities £127,000 (£88,000). An extraordinary credit £359,000 (dehit £121,000) relates to profit on the disposal of Black & Edgingtoa Hire offset by certain other closure costs. Eeroings per share are quoted as 2.49p (0.68p).

● Electro-Protective, ...the Howley subsidiary which operates entirely io the U.S., boosied its taxable surplus from US$3.09m io $3.35m (£2.56m) in the period, on turaover which increased substantially from $25.65m to $35.94m.

The interim dividend is io be raised by 0.12 cents net per share to 0.72 cents. Last year the total was 1.725 cents.

● comment

Now that Hawley has shunted off those distracting peripheral activities Into Midepsa. it is a little easier to see where its mainstream operations are bearing. There have still been enough acquistions and disposals to make pure profits comparisons look artificial, yet e 61 per cent increase in earnings makes a striking contrast to Howley's recent earnings record. Kean & Scott has bed an unquantifiable uplift from newcomer Kitchens Direct, as well as a short-term boost from the rush to beat VAT on bome improvements. Electro-Protective's growth looks less exciting because It bas been spending heavily on ceotralising its monitoring stations—however, it has still managed a 15-20 per cent increase in cootracts. Provincial, meanwhile, has been husy expanding through a number of small acquistions on both sides of the Atlantic. Now that 90 per cent of its trading profits derive from the three clear divisions of security, cleaning and home improvemeot, the Hawley empire has reached a more coherent shape in which It can afford to concentrate on organic growth rather than acquisition. If full-year profits double to £29m pre-tax, that leaves the shares, unchanged et 82p, on an undemanding 8.4 times prospective earnings.

Further progress at Arrow Chemicals

Arrow Chemlcals Holdings continued to progress over the 26 weeks ended June 29 1984 and in their interim report the directors forecast an improvement in profits for the full year.

Pre-tax results for the opening half rose by £49,000 to £235,000 despite taking account of higher interest charges which surged hy £24,000 to £72,000.

Earnings were shown ot 1.6p (1.4p) per 25p share ond the interim dividend is being increased from 0.5p to 0.6p net on the enlarged share capital.

Turnover totalled £5.22m (£3.16m) and ot the operating level profits pushed ahead from £269,000 to £342,000—the group is engaged primarily in the manufacture of chemical products.

The directors sey the group is continuing its steody advance. The latest ecquisition, Nielsen Chemicals, has been disappointing but management changes recently effected should produce better results in the second six months.

Neither Nielsen's results nor those of Emken International were included In the group's interim figures as both companies were acquired after the balf-year stage.

Arrow's home and export sales increased hy 13 per cent and 14 per cent respectively in the first six months, the highest growth coming from the group's aerosol filling and packaging company, Greenhill Chemicel Products, which increased Its sales by 38 per cent.

Group pre-tax profits for the 1983 year rose to £516,000 (£360,000). Turnover amounted to £7.3m (£6.36m).

Increased demand boosts AP to £3m at halfway

INCREASED demand for products in original equipment and export markers has been experienced by UK divisions and overseas subsidiaries at Automotive Prodncts for the half year to June 29 1984. Pre-tax profits rose from £1m for the comparable period ending on June 24 1983 to £3.1m.

For the second half the directors say that the Immediate outlook remains favourable for overseas companies. However, as predicted at the last annual meeting UK demand has faltered following strikes In the UK and Germany. In the previous second half profits came to £3m.

Profil margins remain inadequate in the UK they say and "unremitting effort" to reduce costs continues.

As also predicted at the annual meeting, dividends are being restored to former levels, with an Interim of 1p against 0.5p. In the lost full year a total of 1p was paid.

For the half year net earnings per 25p share were shown as improving from 0.52p to 3.73p.

Group sales of this vehicle and aircraft equipment manufacturer, moved ahead from £110.5m to £129.1m—a 17 per cent rise.

Operating profits rose from £5.7m to £7.6m to which associates aded £0.3m (£0.1m). Interest charges fell from £3.9m to £3.8m, and there was a £1m charge for reorganisation and severance costs. Operating losses discontinued activities last time came to £0.9m.

Tax has been estimated et £0.6m (£0.3m) and this time there were extaordinary costs of £0.1m. Attributable profits emerged up from £0.7m to £2.4m, from which dividends will absorb £1m (£0.7m).

● comment

This was to be the year when Automotive Prodncts showed its long suffering shareholders what it could do. But after the £2m profit of the first quarter the latest figures suggest that AP is not going to do that mnch at all. The £1m provision against further cutbacks—£700,000 of the charge relates to jobs likely to go in the second half—is ample evidence of the continuing pressures on its mainstream UK component business. It now looks as if the foll year will produce little better than £8m at the pre-tax level which is a far cry from earlier City estimates, some of which had been as high as £12m. Presumably a full recovery in the dividend is sacrosanct, given the directors' earlier remarks, which indicates e 7½ per cent yield after yesterday's 7p fall to 58p. The company is unlikely to be tempted into a rights issue to ease its horrowings in the foreseeable future—net deht of around £45m is equal to 50 per cent of shareholders' funds—so maybe after this disappointing set of figures there is an opportunity for those who believe AP has got its long-term future right. Certainly the company is not totally friendless.

HIGHLIGHTS

Lex looks at Unilever's hid for Brooke Bond and the prospects for any new entrants in this epic takeover battle. Staying with the takeover news in the grocery trade the column then moves across to examine the bid for J Bibby from Barlow Rand which oppears keen to diversify away from its South African base. Finally Lex comments npon the letest round of City change where Citicorp is shaping up as the proprietor of Scrimgeour Kemp-Gee and Vickers da Costa. Elsewhere on the companies front Hawley has brought out its half time figures which seem to put the group on track for a £29m profit figure for the year.

Wace back to profit with £125,000 midway

FOR THE first time since 1980 the Wace Gronp has traded profitahly, and has shown e turnround of £210,000 to a profit of £125,000 for the first six months of 1984. Because of the deficit ln distributable reserves, however, no dividend can be paid at present.

The group services the graphic reproduction requirements of the printing, publishing and advertising industires. Mr N. Castie, the chairman, says the profit figures are convincing evidence thet the policies Introduced are having the required effect. The company has emerged ieaner and hetter equipped from a significant watershed in its history. "The foundations have been laid. e new phase has begun and e basis has been secured for future profitahility."

July was a quiet mouth but overall indications for the rest of 1984 are encouraging, Mr Castla states. He remains "quietly confident" of a most satisfactory outcome for the year, particularly as the £610,000 rights issue proceeds were only received at the beginning of June, and in the group's ability to achieve its planned growth this year and beyond.

"I look forward to being ahle to produce further tangible evidence of our increase in confidence when the full year's results are announced," the chairman tells shareholders.

In the first half of 1984 turnover of continuing husinesses came to £2.37m (£2.06m). Exceptional expenditure has been cut to £27,000 (£179,000) and interest payable to £61,000 (£81,000), leaving the profit at £125,000. This compares with a loss of £85,000 which increased to £185,000 hy the end of 1983.

The chairman says the investment in technology is progressing well and some capital expenditure plans have been accelerated which will obtain the benefit of this year's allowances. The additional scanner and page planners are now operational at the Sutton unit. A new scanner installed in London end additional typesetting equipment in the Composite Graphics unit is improving efficiency and assisting tha profitahle development of the group.

Wece is well placed to take advantage of opportunities. It is intended to deploy resources by acquisitions in estahlished and related areas where there are prospects of long-term growth and an attractive return.

CFS set for Unlisted Market

CFS, a financial advisory and planning group, is planning to join the Unlisted Securities Market later this month.

The group, which advises individuals and companies on tax, insurance and investment, is planning to place abont 25 per cent of its equity and raise between £100,000 and £200,000. It is anticipated that CFS will have an initial market value of about £3m.

CFS was involved in a management buyout in 1975 from Lazard Brothers, a subsidiary of the Pearson Gronp and Gray Dawes, an Inchcape offshoot.

Profits have risen from £61,000 before tax, on turnover of £566,000, in the year to Septemher 1981, to £190,000 on turnover of £890,000 last year. In 1983, 40 per cent of CFS's profits were derived from the UK, with the balance coming from overseas customers.

The group forecasts that pre-tax profits will rise to £250,000 on turnover of £1m in the current year to the end of this month.

E I S ahead but holds interim

AN INCREASE of £277,000 to £2.03m in first half 1984 profit hefore tax has been achieved hy the EIS Group of engineers; and all companies are trading profitahly with the exception of Kontak. However, the company is following a conservative dividend policy at the moment and has decided to maintain the Interim at 1.65p.

Mr M. Q. Walters, the chairman, reminds shareholders that the normal dividend policy is to relate the poyment to the performance for the year. In the light of the possihility of further national industrial unrest in the autumn, the directors consider it prudent to ieave any dividend increase to the final stage when the results are known and the economic background for 1985 can be sensihly assessed. In 1983, the final was 3.85p and the profit £3.62m.

Most group companies are performing at ieast in line with budgets. Kontak is the exception, having suffered output losses resulting from a wage-dispute, which was then followed hy reduced demand in Europe for the hydraulic valves for agricultural machinery.

"Special efforts" will need to be made if the lost ground is to be recovered hy the year end, the chairman says.

Northampton Machinery is integrating well into the group's husiness environment and is yielding a satisfactory return on the Investment.

The value of orders in hand is over £29m and while the hydraulics and precision engineering division is adversely affected hy the reduced Kontak contrihution, in general there has heen reasonahla growth in order intake rates in the other sectors. Competition for the work availahle continues to be severe.

Turoover In the half year was up from £18.98m to £22.88m. After tax £521,000 (£281,000) and minorities £2,000 (nil), the attrihutahle profit is £1.51m (£1.47m) for earnings of 8.139p (9.106p) per share. The groop now provides fully for deferred tax at future rates except for capital gains which is unlikely to arise in the foreseeahle future. This follows the extraordinary provision of £1.52m made in the 1983 full accounts.

Mr Welters says the company continues to concentrate on finding suitable ecquisitions. Currently there are rather more cases for review than a yeer ago hut the company is maintaining its "high selection" criteria.

A senior executive share option plan is being introduced.

● comment

EIS management, conservative to a fault, is playing a very straight bat the moment, not wanting to commit itself this side of the docks' strike. Its point, the logic of which is difficut to fault, is simply that direct and indirect exports account for roughly two-thirds of group sales, so the company, prefers to postpone the decision on any dividend increase for as long as possible. While this may be frstrating for investors, it should be pointed out that this same conservative management has produced consistent profits and dividend growth for more than a decade—and the interim has often been held. On the trading level the only concern at the moment is at Kontak, where demand for tractor valves is tied up with tha direction of agricultural policy in the EEC and some domestic labour unrest. Elsewhere, EIS is combining organic growth with a flair for opportunistic acquisitions such as Francis Shaw, which has bolstered the process plant activities. EIS has about £6m cash to play with so there is plenty of leverage for the pattern to continue apace. With orders in hand showing a 20 per cent underlying increase on e year ago, a solid £4.1m pre-tax looks in the hag barring any dockside nasties. At 147p, unchanged, on a 26 per cent tax charge, the shares are selling on a multiple of 9, which looks about right.

London & Gartmore assets down by 32p

Net asset value per 50p share of the London & Gartmore Investment Trust fell hy 32p to 270p over the 12 months ended June 30 1984 after dedncting prior charges at par.

Avallehle income for the year was little changed et £112,000 (£113,000) after tax of £65,000 (£61,000). Gross income rose from £480,000 to £657,000.

The dividend is the same at 1.5p net per share. Earnings came through at 2.63p, against a previous 2.65p.

Amex boosts UK travel interests

American Express, the diversified U.S. financial services group, yesterday confirmed that it has purchased P&O Travel, the retail travel agency arm of Peninsular & Oriental Steam Navigation Company.

The acquisitinn nf P&O Travel, which incindes 30 high street travel agencies, makes American Express the fourth largest travel agency group in the UK in turnover terms and the third biggest in husiness travel.

American Express is not publishing tha purchase price, believed hy outside observers to be in the region of £3m. The combined group will have a turnover of £120m in the current year to December.

P&O Travel made ebout £250,000 before tax on sales of £39m in its last financial year, and is predicting that turnover will rise to £43m this year. Its net assets are valued ot £400,000.

The American Express Travel Service now operates from 109 outlets in the UK. It is part of a network which provides travel services in more than 1,000 offices in 128 countries.

Mr Alberto Modolo, vice president of American Express Travel, said: "We are very enthusiastic about our new acquisition and the potential this will give for expansion in the UK." American Express's travel-related financial services will be introduced to the P&O outlets over the next few months, and the P&O Travel name will eventually disappear, he said.

"A medium-sized travel agency has either got to consolidate with a larger company or risk going out of business within a few years," warned Mr Mondolo.

Within the past two years, American Express has bought two travel agencies in the U.S. and France and will consider making further acquisitions.

P & O, meanwhile, has been pulling out of peripheral activities ever since Mr Jeffrey Sterling became chairman e year ago, following the launch of Trafalgar House's so far unsuccessful takeover bid. In June, P & O sold its oil trading operations to InterNorth of the U.S. for £42m, and disposed of its former City headquarters for £71m to Union Bank of Switzerland.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AP	int	1	Sept 27	0.5	—	1
Arrow Chemicals†	int	0.6	Oct 24	0.5	—	1.6
EIS Group	int	1.65	Jan 7	1.65	—	5.5
Electro-Protective¶	int	0.72	Nov 23	0.6	—	1.73
Hawley Group†	int	0.79	Jan 11	0.66	—	1.55
Insight	int	0.75	Dec 14	Nil	—	1
Kean & Scott‡	int	0.67	Nov 2	0.33	—	1.1
London & Gartmore		1.15	Nov 7	1.5	1.5	1.5
Macfarlane†	int	1.84	Oct 12	1.67	—	3.67
Nichols (Vimto)	int	2.5	—	2.17*	—	4.5*
Palmsterston		2.5	—	1.5	3.5	2.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ U.S. currency throughout.

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord	137	—	6.3	4.6	8.0	10.5
158	117	Ass. Brit. Ind. CULS	142	—	10.0	7.0	—	—
78	55	Airsprung Group	55	—	6.4	11.6	6.0	7.8
38	21	Armitage & Rhodes	38xd	−1	2.9	6.1	4.6	7.5
132	67	Bardon Hill	122	—	3.4	2.8	12.8	20.6
58	42	Bray Technologies	42	—	3.5	8.3	4.6	7.0
201	175	CCL Ordinary	176	—	12.0	6.8	—	—
152	118	CCL 11pc Conv. Pref.	118	—	15.7	13.3	—	—
540	100	Carborundum Abrasives	538	—	5.7	1.1	—	—
249	97	Cindico Group	97	—	—	—	—	—
69	45	Deborah Services	66	—	6.0	9.0	35.3	57.4
235	76	Frank Horsell	235	—	—	—	9.4	12.4
206	75½	Frank Horsell Pr Ord 87	206	—	8.6	4.7	8.3	10.8
69	25	Frederick Parker	25	—	4.3	17.2	—	—
39	32	George Blair	35	—	—	—	—	—
80	46	Ind. Precision Castings	46	—	7.3	15.9	12.7	15.9
218	200	Isis Ind. Services	200	—	15.0	7.5	—	—
124	61	Jackson Group	110	—	4.5	4.5	5.1	9.9
231	213	James Burrough	231	—	13.7	5.9	8.2	8.2
92	83	James Burrough 9pc Pf.	87	—	12.9	14.8	—	—
145	100	Linguaphone Ord.	146	—	—	—	—	—
100	96	Linguaphone 10.5pc Pf.	96	—	15.0	15.6	—	—
443	275	Minihouse Holding NV	443	+2	3.8	0.9	31.8	34.9
176	48	Robert Jenkins	48	−2	20.0	41.7	5.5	3.8
74	47	Scruttons "A"	47	—	5.7	12.1	24.7	5.7
120	51	Torday & Carlisle	90	+2	—	—	5.7	20.5
444	385	Trevian Holdings	433		Suspended			
26	17	Unilock Holdings	20½xd	−½	1.3	5.3	10.0	14.2
92	65	Walter Alexander	87	—	8.8	7.8	8.5	10.1
276	233	W. S. Yeates	233	−1	17.4	7.5	5.6	11.1

BIDS AND DEALS

Fraser worried by newcomers' intentions in boardroom vote

BY CHARLES BATCHELOR

House of Fraser, the Harrods department store group, yesterday appealed to its shareholders to back the company's efforts to fight off an attempt by Lonrho to appoint new directors to the Fraser board.

The next episode in the six-year old battle for control of Fraser will be the annual meeting on September 28.

Prof Roland Smith, Fraser chairman, said yesterday he was particularly concerned that a number of wealthy private individuals, who together own 7-8 per cent of the company, would back a Lonrho attempt to vote Mr Ernest Sharp, a non-executive director, off the board.

The large private investors, most of whom live abroad, include Dr Ashraf Marwan, an Egyptian businessman with 4m shares (2.8 per cent) of Fraser, Mr Jack Hayward, with 2m shares and Dr Joern Kreke, a West German, with 650,000.

There has been continued buying of shares by Swiss-based investors recently taking the total percentage of shares held by potentially unpredictable wealthy individuals to 7-8 per cent.

Fraser is also concerned about the voting intentions of the Merchant Navy Officers Pension Fund, with 5½m shares. The Fund voted in favour of the demerger of Harrods but has not in the past voted against members of the board, Prof Smith said.

Fraser shareholders will vote on the re-election of Prof Smith, Mr Sharp and Mr Roland "Tiny" Rowland, chief executive of the Lonrho trading group, which has a 29.9 per cent stake in Fraser.

Lonrho will attempt to get two of its own directors, Mr Terry Robinson and Mr Paul Spicer, elected to the Fraser board but it has dropped an earlier attempt to achieve the election of 12 of its own nominees.

Lonrho is also asking shareholders to approve two resolutions calling for the Fraser directors to take no action which would "prejudice the issue of the de-merger of Harrods" during the Monopolies and Mergers Commission enquiry now under way, or which would "encumber or alienate" Harrods property until one month after the commission has reported.

Lonrho was required to give undertakings to the Secretary of State for Trade and Industry not to vote its stake in Fraser to oust Prof Smith but has given no such undertaking concerning Mr Sharp.

Mr Spicer said: "It is not a real election if 30 per cent of the electors are not allowed to vote."

The Fraser board is not opposing the re-election of Mr Rowland but it pointed out in its letter to shareholders that he had attended only four board meetings out of 34 since his last re-election as a director in 1981.

Fraser's shares fell 2p to 270p yesterday while Lonrho fell 1p to 149p.

Emray stake ownership sparks off investigation

MR NORMAN TEBBIT, Trade Secretary, has appointed Mr Ian Salter, of stockbrokers Strauss Turnbull, and Mr Philip Bovey, a solicitor with the Department of Trade, to investigate the ownership of shares in Emray, vehicle distribution and financial services group.

At issue is a 27.6 per cent stake in Emray sold in March by Taddale, property investor, to a group of investors headed by Mr Murdoch Morrison, an industrial consultant who is amalgamating the Greenfields Leisure and Blacks Camping equipment groups.

Mr Morrison and two associates, Mr Ben Anderson of stockbrokers Raphael Zorn and Mr Edward Denison, a Yorkshire lawyer, were voted on to the Emray board at the end of July after a proxy battle.

The investigation, requested by the Emray board before the arrival of the three new directors, is being carried out under Section 172 of the Companies Act 1984.

Emray's shares rose ½p yesterday to 18½p. The company last month announced that pre-tax profits had more than doubled to £443,000 in the first half of 1984.

Barlow Rand's approach to Bibby

Sowing the seeds for a £260m takeover

BY RAY MAUGHAN IN LONDON AND JIM JONES IN JOHANNESBURG

TWO EVENTS at the beginning of June may have helped to shape J. Bibby's future.

On June 7, Mr Mike Rosholt and Mr Warren Clewlow, respectively the executive chairman and chief operating officer of Barlow Rand, replaced the Tiger Oats and National Milling representatives on the Bibby board.

At the same time, Mr Leslie Young announced that he would relinquish his position as executive chairman, moving upstairs to let Mr Peter Wood take over as chief executive.

Mr Young, a leading figure in Liverpool community, has been closely identified with the upsurge in Bibby's fortunes over the last decade. Recruited from the ladies' underwear division of Courtaulds in 1968, Mr Young was appointed managing director two years afterwards and became chairman five years ago.

The group which the South Africans now want to use as a springboard for serious geographical diversification was founded in Lancaster in 1820 when a Mr Edward Bibby acquired a water-powered corn mill.

By the time his son and grandsons were in the business, the mill was producing and selling flour and animal feeds across the North of England.

At the end of the Victorian era the Bibbys diversified by putting up a seed-crushing mill in Liverpool to make cattle cakes, selling the oil by-products at first to the linoleum industry and, shortly afterwards, to manufacture its own soap products.

The second strand of the business was started at the onset of the 1930s slump when a paper making operation was started in partnership with Henry Cooke in Beetham, Cumbria.

In modern times, Bibby had been through the fires come the start of the last decade and the purchase price in excess of £260m which Barlow Rand will have to find this week contrasts with a market capitalisation of under £3m back in 1970.

Mr Young's response to that malaise was to cut out the businesses in which Bibby lacked the muscle to compete effectively. Princes Foods, the grocery subsidiary, went to the Italian Buitoni pasta group while Cip-Zoo, which sold pigs and chickens into the Italian market, was acquired by a Spanish company, Liquigas.

One of the biggest upheavals, not least in Bibby's native city was to sell the Edible Oils business to a private company, Bunge & Co, at the turn of last year. The edible oils operation was sold simply because it could not meet the required return on capital targets.

The 1983 divisional breakdown makes the point well enough. The key hospital and laboratory supplies sub-group turned in 49.1 per cent on capital employed. Among the other leaders in Bibby's industrial side, paper and converted products, industrial services and laboratory glassware provide usefully better than 20 per cent on capital. Edible oils gave 8.6 per cent.

The traditional feeds and seeds operation produced almost 30 per cent on capital although another of Bibby's principal concerns in recent years has been to balance the assets it uses in the industrial and agricultural divisions.

The process is almost complete. In 1971, agriculture absorbed 70 per cent of Bibby's resources. Last year, its requirement was down to 52.4 per cent of the total.

Barlow Rand's inheritance, as it starts its first major move outside South Africa, is an acquisitive, broadly spread operation generating a rising stream of cash — £22.4m in 1973 — and enjoying profits growth which is widely expected to run into a ninth consecutive year. The market's target this year seems to be £22m against £18.5m in 1983.

A springboard for growth

Barlow Rand is widely acknowledged by Johannesburg stockbrokers as being one of the bluest of South African blue chip investments.

Consolidated turnover of the diversified group is approaching the R10bn (£4.93bn) a year level. It employs almost a quarter of a million people and operates in virtually every sector of the South African economy.

At present, Barlow Rand has a market capitalisation of R1.8bn.

The group was founded in 1902 as a Durban-based trading house. The development into its present form stems from 1927 when the Caterpillar dealership was acquired. This led to increasing involvement in construction and engineering.

In 1971, control was acquired of the Rand Mines Mining House, a development which provided much of the impetus for organic and acquisitive growth thereafter.

In the year ended September 30 1983 mining provided 6 per cent of the group's R7.8b turnover and 21.2 per cent of its R690m operating profit before investment income and taxation.

Turnover contributions of the group's other major divisions were: cement, lime and paint 6.5 per cent; ferro-alloys and stainless steel 2.2 per cent; electronics and general engineering 13.6 per cent; heavy equipment 5.1 per cent; building and construction supplies 9.4 per cent; packaging, paper and appliances 12.3 per cent; sugar, food and textiles 42.7 per cent; foreign operations 1.6 per cent; and group services 0.6 per cent.

Barlow Rand is South Africa's largest manufacturer of cement, its only manufacturer of stainless steel and its second largest private sector coal producer. It also manages the country's largest packaging group and brings together a group of food companies which are among the largest in the country.

The group currently feels constrained. It says gaining market share in South Africa is difficult, particularly as in its major fields of interest it is faced by equally large companies who are determined not to lose market share.

Until its present proposed bid for control of Bibby, Barlow Rand confined itself to South Africa. Its foreign interests are relatively unimportant and are confined to the distribution of mechanical handling equipment in Britain, Belgium and the U.S.

Bibby would be used as a springboard for geographical diversification.

Although operations have been largely confined to South Africa growth has not been restrained. Turnover, which totalled R1.07bn in 1976, had risen to R7.8bn by 1983. For the six months ended March 31 1984 the figure was R4.71bn.

For the respective periods pretax profits were R141m, R708m and R392.7m.

However, being confined to South Africa, where the corporate sector is largely controlled by a handful of giant corporations, has its limitations.

Barlow Rand's largest shareholder is Old Mutual, South Africa's largest insurance group, with a 31 per cent stake. Old Mutual acquired its holding in Barlow by exchanging assets for new shares. This led to Barlow's association with Bibby in 1982.

The insurance group exchanged a controlling stake in the diversified food group Tiger Oats for shares in Barlow Rand.

Tiger has long held a 28 per cent interest in Bibby but has been content simply to have this as a portfolio investment rather than to use it to control Bibby or as a platform for non-South African ventures.

See Lex

Dalgety to sell stake in NZ company for £11m

Dalgety, the international agricultural manufacturing and trading group, has agreed the sale of its 24.7 per cent stake in Dalgety Crown Corporation a New Zealand associate, to Cable Price Downer another New Zealand group for £11.3m cash.

Dalgety's stake in Crown was reduced from 56 per cent about a year ago and further moves planned by Crown would have reduced this holding even further, Dalgety said.

"This would have left us with an insignificant holding in a company with less than half of its business in food and agriculture," said Mr Hugh Mellor, a Dalgety director. "We weren't looking to sell our stake but we were made a good offer."

Crown is a "stock and station company" providing finance, merchanting and retailing services to farmers and their suppliers. Cable Price is an electrical manufacturing and construction company. The Dalgety name will be phased out by Crown over the next few years.

Crown has also acquired 20 per cent of Cable Price. The Crown sale ends 120 years of direct investment involvements in New Zealand by Dalgety.

Strikes receives approach

A take-over bid may be on the way for Strikes Restaurant, the London hamburger chain which floted 10 per cent of its shares on the Unlisted Securities Market in April 1983.

Strikes, whose shares are 90 per cent held by Comfort Hotels, said it had received an approach which might lead to a recommended offer being made for all its share capital.

Its shares rose 22p to 86p yesterday to value the company at £5.3m.

Strikes has about 25 restaurants in central London and made a pre-tax profit of £718,000 on turnover of £6.16m in the year ended January 1 1984.

Acceptances push Finlan stake in Lincroft to 38%

John Finlan, the construction and property development company chaired by Mr Graham Ferguson Lacey, announced yesterday that its £5.8m bid for Lincroft Kilgour had met with 14.7 per cent acceptances.

Together with the 1.09m shares—23.79 per cent—bought by Finlan during the course of its offer this takes the effective Finlan holding to 38.49 per cent of the Lincroft equity.

The Takeover Panel last week took the unusual step off allowing Finlan to extend its bid for Lincroft, a textile and investment group, beyond the normal 60-day deadline.

The Finlan bid has been extended until today pending the outcome of a panel investigation into a disputed graph published by Lincroft comparing the relative performance of the two companies.

Finlan said the figure for acceptances had been achieved despite a "significant" number of withdrawals following the publication by Lincroft of a circular dated August 23 which contained the graph.

The acceptances came from the holders of 671,681 shares—19.28 per cent of the shares, but representing only 14.7 per cent of the votes.

Rugby Portland

Rugby Portland Cement purchased on August 31 Addison Corporation, a U.S. company involved in the wholesale distribution of building materials.

Addison, with headquarters in Atlanta, Georgia, operates through six branches serving some 14m people in the states of Georgia, South Carolina and portions of Alabama, Tennessee, Florida and North Carolina.

The cash consideration for the purchase was U.S.$11.9m of which 75 per cent will be paid in January 1985. At June 30 the value of the assets acquired was $8.4m and during the six months ended then, the company earned pre-tax profits of $872,000; corresponding net profits amount to $486,000.

BIDS AND DEALS IN BRIEF

Gordon and Gotch Holdings, exporter of publications and operator of computer services, is pulling out of its joint venture company, Hachette Gotch. This company has experienced a varied trading performance since 1968 and Gotch considers that the opportunity to dispose of its 50 per cent interest represents a "satisfactory conclusion."

Hachette Gotch provides Gotch with an exporting, marketing and distribution service covering Europe, the Middle and Far East, and North and South America. The other 50 per cent partner is Continental Publishers and Distributors, a subsidiary of Hachette SA, Paris.

Gotch will sell its shares in Hachette to CPD, for which it will receive a nominal £500. It will pay £778,000 and waive a £500,000 loan to Hachette to make good its 50 per cent share (£1.28m) of net liabilities.

There is a contingent liability to pay Hachette a further maximum £328,000 plus interest at any time before 1993. This comes into operation if the amounts paid to Hachette under the terms of the promissory notes to be issued shortly by the Central Bank of Nigeria are substantially less than the amount promised.

Agreement of the deal is conditional upon consent of the French Treasury.

* * *

IMI's offer for Pactol Electronics has been accepted in respect of 1.54m ordinary shares (96.17 per cent).

The offers have therefore been declared wholly unconditional and will remain open for acceptances until further notice.

* * *

Following the passing of resolutions at the extraordinary general meeting, the directors of Guest, Keen and Nettlefolds, has allotted the 15.8 new ordinary shares which had been conditionally placed in connection with the acquisition of Beck/Arnley Corporation and these shares have been admitted to the Official List by the Council of the Stock Exchange. The acquisition of the whole of Beck/Arnley, which imports and distributes replacement parts for imported vehicles in the U.S., has now been completed.

* * *

J. F. Nash and Partners has disposed of 261,000 (16.31 per cent) Bromsgrove Casting and Machining ordinary shares. These have been placed with institutions and private clients. Mr B. M. Sedghi (non-executive director) has acquired 20,000 Bromsgrove ordinary.

* * *

As a result of a recent purchase, TMC Holding Corporation holds 109,836 ordinary shares in Birmingham Mint (5.38 per cent).

UK COMPANY NEWS

Myson doubled halfway and dividend in sight

PROFITS MORE than doubled to £2.25m for the half year ended June 30 1984 are reported by the Myson Group of heating and ventilation engineers. It was only three years ago that the group was reporting annual losses of over £7m, although that did include nearly £4m of exceptional items.

Following the approval of the scheme to cancel the share premium account, the arrears of preference dividend to June 30 amounting to £900,000 will be paid in October, and the directors intend to recommend an ordinary dividend to be announced with the year-end results. The last payment was of 1p in October 1980.

In his interim report, Mr R. A. Wheeler, chairman and chief executive, says the main improvements in the group's trading performance over the same period in 1983 have been increased sales by the domestic companies and a greater increase in profits. All companies are profitable and this is improving.

Trading losses in the industrial companies were reduced, and the transfer of Myson RCM from Wembley to Wolverton last year has resulted in profitable operations. Engineering companies increased their sales and profits.

Interest charges were cut from £732,000 to £307,000 with some help from the proceeds of the June 1983 rights issue.

Since the end of June trading conditions have continued reasonably firm, says Mr Wheeler. Results from the industrial activities will benefit from the merger of the axial fans and roof unit businesses at Colchester from the end of this month.

For the first half group turnover rose from £25.68 to £27.27m and the trading profit moved ahead from £1.75m to £2.56m even after allowing a provision of £195,000 for costs to be incurred of transferring the roof unit business to Colchester. There is a tax charge of £338,000 this time, leaving the net profit at £1.92m (£1.02m). After preference dividends £150,000 (same) relating to the half years only, net earnings are shown to by 3.5 (2p). Pre-tax profit for the year 1983 was £3.04m.

There is an extraordinary charge of £250,000 which relates to a provision on a recent judgement against the company on claims made by certain French institutions arising out of the liquidation of a French subsidiary in September 1981. An appeal will be made against the judgement.

The capital scheme involved cancelling the £6.35m share premium account and transferring it to general reserve. The £1.82m deficit on general reserve could then be cancelled and leave the reserve in credit to the tune of £4.53m. The holder of the preference capital is Barclays Bank.

● comment

The two former GEC directors, Ray Wheeler and John Salkand, continue to improve the performance of Myson, the heating and air conditioning group which they joined three years ago with the backing of an institutional consortium when the group had reached its nadir. They expect the last loss making business to return to profit by the year end but are by no means complacent. They see much room for improvement, particularly on the industrial side, and are continuing to invest in plant and equipment at a high level. With borrowings down to £3m against shareholders' funds of £13m, the group is now in a strong enough position to consider suitable acquisitions. The group still has a strong institutional shareholding backing and demand is strong enough that a vendor placing should go smoothly if the group needed to raise further money. The shares rose 9p to 71p on the figures anticipating a further strong improvement in the second half to perhaps a £5m profit and a return to dividends.

Vimto group well ahead after first six months

FIRST HALF pre-tax profits of J. N. Nichols (Vimto) improved by £176,000 to £2.33m and Mr Peter Nichols, the group's chairman, says he expected the rise in earnings to continue.

He explains that the first six months' figures included an 18.5 per cent volume increase in UK sales and tells shareholders that this growth, linked with the continuing expansion of the group's overseas franchise operations, should ensure that the rise in earnings experienced in the first half, to June 30, 1984, will continue.

The net interim dividend is being effectively increased from 2.166p to 2.5p from basic earnings of 7.7p, compared with an adjusted 6.5p.

Turnover for the half year moved ahead by £369,000 to £10.39m and operating profits rose from £1.77m to £2.05m. Profit on other activities was down by £100,000 to £280,000—the Manchester-based group manufactures fruit compounds and cordials.

Group pre-tax profits for the 1983 year reached a record £3.99m. Sales were up from £16.27m to £19.43m helped by two months of fine summer weather.

Sales of Vimto cans exceeded expectations and Mr Nichols said in his annual statement that he felt sure this trend would continue in 1984. Export sales were also expected to increase.

Macfarlane trends maintained

THE ENCOURAGING trend that Sir Norman Macfarlane, chairman of Macfarlane Group (Clansman), noted in his last annual statement has continued into the first half of 1984.

The result for the period to June 30 was a record for both sales and profits for this Glasgow-based packager and printer. Pre-tax profits increased by 20 per cent from £1.16m to £1.39m on turnover up by 12.9 per cent to £19.57m against £17.33m.

An interim dividend of 1.84p net has been declared (1.673p), with earnings given as 4.88p per share against 3.67p. Last year dividends totalled 3.673p.

Sir Norman adds that most companies are experiencing better trading conditions and one of the most encouraging features of the results has been the spread of the contribution to profits from the group's companies.

"Although 1984 has not been an easy year, we have taken advantage of several excellent investment opportunities recently, which I am very hopeful will prove attractive in the future," he says.

"Given reasonable stability in the economy and no more than modest inflation, I am confident that the outlook for Macfarlane Group is encouraging."

The tax charge was up from £602,000 to £643,000 to leave profits at £747,000 (£56,000) net. The proposed dividend will absorb £281,579 against £253,569.

The chairman states that although trading conditions are still unpredictable, they have improved in several sectors. Most companies have improved their performance.

The largest companies, Abbott's Packaging, A. & W. Fullarton, and Daniel Montgomery & Son, have again made good progress and each of them has recently made substantial investment which will bear fruit to some extent in the latter part of this year, although the real benefit will emerge in 1985.

Flo-Pak (UK), which manufactures expanded polystyrene packaging material at Brackley, continues to trade attractively and to be capable of considerable potential for the future.

M.B.F. (Clansman) of Paisley, A.C.W. of Aberdeen, and N. S. Macfarlane (Furniture) have made "splendid progress" this year, and are still busy at present.

The Scotch whisky industry has continued to experience difficult trading conditions, and this is reflected in the results of companies involved in this sector, particularly Smith Bros. of Kilmarnock and John M. Napier in Edinburgh, each of which prints whisky labels.

The chairman is "delighted" that Cyro-Copigraph has now returned to profit and that the loss in Farquharson Bros. has been substantially reduced. Every effort will be made to eliminate the Farquharson loss as quickly as possible, he concludes.

Ley's returns to the black in first half

The better trend experienced by Ley's Foundries and Engineering has continued into 1984. For the first half the company has produced a profit before tax of £297,000 from a turnover of £8.61m.

The last full accounts covered the 15 months period ending December 31 1983. For the nine months to June 30 the company incurred a loss of £572,000 on turnover of £16.86m. But by the end of the 15 months period the loss had come down to £100,000.

Tax for the 1984 half year took £10,000 to leave the net profit at £287,000, against a loss of £575,000 after tax of £3,000 in the comparative nine months. Redundancy and reorganisation costs came to £1.72m (£1.94m) and were charged as extraordinary items.

Ley's is a subsidiary of Williams Holdings.

MINING NEWS

Guinea diamond mine expands

BY GEORGE MILLING-STANLEY

THE GOVERNMENT of Guinea plans to grant mining rights to a new area containing six kimberlite pipes and potentially rich in alluvial diamonds to the Aredor consortium, which operates the world's newest diamond mine in the west African state.

The grant could more than double the consortium's diamond reserves, according to Mr Robert Strauss, chairman of Australia's Bridge Oil, which owns the operating company Aredor Services. Ownership of the consortium is shared equally between Aredor and the Government of Guinea.

The new ground, totalling 300 sq km, lies on the southern boundary of the existing lease area, less than a mile from Aredor's gravel washing facilities.

These facilities are already being expanded from the present production rate of 400,000 cubic metres of diamondiferous gravels a year to 750,000 cubic metres, and the expansion is expected to be complete by next April, when the first gravel from the new area arrives.

Mr Strauss said the consortium had known the potential of the ground for 18 months, and had been pressing the previous government to add it to the project.

"We believe the kimberlite pipes and the alluvials contain not less than 2.5m carats of diamonds," Mr Strauss commented (there are 142 carats to the ounce). Proven reserves in the present area are around 2.1m carats.

The first 68 sq km of the new acreage, containing the kimberlite pipes, are expected to be in production next April, with the remaining 232 sq km coming on stream from January, 1986.

It is hoped that the expansion will enable the venture to overcome the dilution of the present areas and meet production targets by increasing throughput.

Mr Strauss said that the Aredor partners expect to sell their first batch of between 20,000 and 30,000 carats of diamonds later this month or in October.

The mine, which opened in May, has experienced some early production problems which have cut recovery rates below initial expectations, but Mr Strauss said these difficulties will be more than offset by the better quality of the diamonds being found.

Recovery rates are improving, from 44 per cent of estimates in May to 74 per cent in July, he added.

Mr Strauss said that 95 per cent of production so far is of gem quality, with an average stone size of between 1 and 1.2 carats. Diamonds of 3 carats and above made up more than one-third of the output, with some stones larger than 20 carats.

This suggests that the average value per carat will be "well above the U.S.$185 figure used in the feasibility study, Mr Strauss said.

Copper mine losses rise in the Philippines

A FURTHER loss for the second quarter of this year has been suffered by Marcopper Mining Corporation, one of the major copper producers in the Philippines, reports Leo Gonzaga from Manila.

The second quarter deficit of Pesos 18.5m (£798,000) makes a loss for the first half of the year of Pesos 23.3m compared with a profit of Pesos 15.1m in the same period of 1983.

Marcopper blames the reversal in fortunes on low export prices for its copper and the gold and silver by-products.

The Philippines Ministry of Trade and Industry recently announced that Marcopper was entitled to a postponement of payments of all taxes, fees and charges until the market for its products improves.

Similar relief was given to North Davao Mining which incurred a net loss of Pesos 58.8m between August 1983, when it started commercial operations, and the end of the year. In the following six months the company has lost a further Pesos 256.8m.

The mine was not only unfortunate enough to come on stream at the wrong time when copper and gold prices were falling, but also it experienced technical defects in its two ball mills which required costly corrections.

The Government, through two of its financial institutions, has a loan exposure of Pesos 1.46bn in North Davao.

In addition, the company has obligations of U.S.$65.5m (£50m) with equipment suppliers abroad. The latter, however, are guaranteed by the Government's Philippine National Bank and its subsidiary National Investment and Development Corporation.

MINING NEWS IN BRIEF

The first gold is to be poured at the end of this week at the Lawlers Tailings project of Spargo's Exploration and Queen Margaret Gold Mines. This mine dump retreatment operation is to fund development of the companies' Bellvue gold mine at Sir Samuel in Western Australia and over the next 2½ years is estimated to produce some 51,000 oz of gold.

* * *

Elf Aquitaine Triako Mines, an Australian subsidiary of the French Elf Aquitaine is reported to be seeking a new partner in the Lady Loretta base metal project in Queensland now that MIM Holdings is to withdraw from the joint venture.

Probable ore reserves are put at 9m tonnes grading 95 grammes per tonne silver, 6.5 per cent lead and 14.8 per cent zinc. Elf Triako is planning to sink a single shaft in order to exploit the higher grade direct shipping ore to provide a cash flow during the main mine construction phase.

* * *

It is reported from Dar Es Salaam that the World Bank is lending Tanzania $19.35m (£14.8m) to explore additional coal reserves in the Yukuyu region of the highlands. It is hoped that the deposits there can support an open-cast mine producing 500,000 tonnes of coal a year.

* * *

Canadian scientists claim to have discovered major offshore mineral deposits containing at least 1.5m tonnes of copper-zinc sulphide ore on the Explorer Ridge, 200 km off the coast of Vancouver Island. The deposits are said to be at depths ranging from 1,800m to 1,950m and are "perched on cliffs as much as 80m high."

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: James Beattie, Brooke Street Bureau, Derek Crouch, Federated Housing, Kleinwort Benson Lonsdale, Lambert Howarth, Metal Closures, Nurdin and Peacock, Provident Financial, Robinson Brothers (Ryders Green), Sopner, Sharpe and Fisher, Wilson (Connolly).

Finals: Cantors, F. Copson, David Dixon, Harvey and Thompson, Land Investors, Regian Property Trust, Ricardo Consulting Engineers, Somportex.

FUTURE DATES

Interims—	
Associated British Ports	Sept 13
BTR	Sept 12
Breedon and Cloud Hill Lime Works	Sept 14
Bridgewater Estates	Sept 10
Clay (Richard)	Sept 10
Farmer (S. W.)	Sept 11
Garner Booth	Sept 6
Morgan Crucible	Sept 13
Petrascol	Sept 12
Portals	Sept 6
Rockware	Sept 10
Sharna Ware	Sept 13
Spear and Jackson Intnl.	Sept 27
Squirrel Horn	Sept 3
Woodhouse and Rixson	Sept 14
Finals—	
Boardman (K. O.) International	Sept 5
Christy Brothers	Sept 7
Dos Brothers Bulst	Sept 14
Sheafbank Property Trust	Sept 12
Telefusion	Sept 13
Walker (Thomas)	Sept 13

Allnatt London

For the year ended March 31 1984 profits of Allnatt London Properties have advanced from £9.47m to £10.58m, which is in line with the forecast when Slough Estates took over the company last January. There is no final dividend, so the 1p interim is the payment for the year (interim 1p and final 5.2p).

Tax leaves £3.79m (£4.19m) to leave the net profit at £6.79m (£5.28m), and there is an extraordinary debit of £289,000 (credit £119,000). Reserves have been affected by a release of £3.13m deferred tax provision and an increase of £2.52m (£36.7m) arising from property revaluation.

Fitch Lovell in 1984

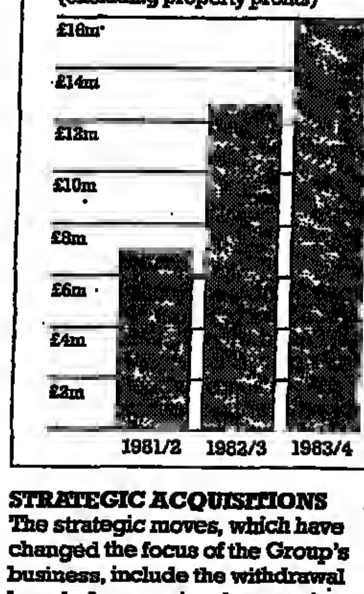
A clear and positive approach

THE RESULTS

The Group has emerged from a year of dramatic change as a leading food manufacturer and distributor, profit-orientated and with a clear and positive approach to the future. Last year's results demonstrate the initial success of the actions we have taken.

The Group profit before tax (excluding property profits) for the 52 weeks ended 28th April 1984 increased by 28% from £12.6m to £15.9m. Including property profits of £240,000 (1982/83: £1.983m) the total profit before tax rose 12% from £14.6m to £16.1m.

The exclusion of property profits from the results is appropriate, because these one-off contributions have ceased to be a significant factor in our performance since the disposal of Key Markets.



THE APPROACH

There are three main elements to our approach to the Group's future:

- the development and motivation of a strong management team
- the expansion of our core food manufacturing and distribution activities by capital expenditure and by the acquisition of complementary businesses
- the disposal of businesses which do not perform or which are incompatible with our core activities.

In the past sixteen months this approach has formed the basis for a number of strategic moves and for management and organisational changes which reflect the Group's new vigour.

STRATEGIC ACQUISITIONS

The strategic moves, which have changed the focus of the Group's business, include the withdrawal by sale from our involvement in agriculture and retailing and the acquisition of the following four companies:

- P.H. Foods, frozen food distributors, in October 1983.
- W.A. Turner, fresh and frozen meat manufacturers, in November 1983.
- Parrish & Fenn, speciality food distributors, in March 1984.
- Truran & Tarr, producers of cooked and sliced meats and convenience foods, in July 1984.

MANAGEMENT

I believe that strong management is the essential ingredient of continued success. In this area we are vigorous and objective in the way that we recognise and reward performance.

We appointed three Divisional Executives of the Group with effect from the beginning of the current year. This is the first step in the evolution of a new senior structure which will preserve the benefits of decentralisation and bring a sharper executive focus on related businesses.

OUTLOOK

We now own a food manufacturing and distribution Group with a common commercial logic. Our existing businesses have potential in identified areas which we intend to realise. Despite current exceptional raw material prices affecting some of our major subsidiaries we expect to show further progress in the current year.

The Group has the resources to support expansion of our existing businesses and to make acquisitions in areas which we know. We remain determined to use those resources sensibly and to adhere to the criteria which we have set. I am confident that our strengthened team will succeed.

Geoffrey Hankins
Chairman & Chief Executive
10th August 1984

Fitch Lovell

The Annual Report 1984 has been posted to shareholders. For a copy please return this coupon to the Secretary, Fitch Lovell PLC, 1 West Smithfield, London EC1 9LA.

(BLOCK CAPITALS)

Name________________

Address________________

FT

APPOINTMENTS

New chief for F. S. Ratcliffe

Mr David Cooper-Smith, chairman of The West Bromwich Spring has been appointed chairman of F. S. RATCLIFFE INDUSTRIES. The previous chairman, Mr F. S. Ratcliffe, has accepted the post of life president. Mr Peter Riley, a local solicitor, has also been appointed to the board.

*

Mr David Wyeth has joined BARONSMEAD ASSOCIATES as director of technology. He was with Imperial Software Technology as operations and marketing manager.

*

Mr Anthony Foreman has been appointed to stockbrokers HESELTINE, MOSS AND CO., to expand financial planning services.

*

ARTHUR ANDERSON AND CO., has admitted as partners Mr Christopher Forbes, Mr Nigel Howes, Mr Murdoch McKillop, Mr David Marks, Mr John Reast, Mr Graham Walker and Mr Michael Wildig. Appointed as principals are Mr Nicholas Fitzgerald and Mr Clive Leyland. Admitted as partners to the management consultancy are Mr David Andrews and Mr Nigel Backwith.

*

Mr Michael Ireland Blackburne has accepted an invitation to join the board of FLIGHT REFUELLING (HOLDINGS), Wimborne. He recently retired as a partner in Laurence, Prust and Co.

*

Mr Bob Gilkes, having completed his term of service, has resigned as chairman and managing director of TORCH to take up other interests in the computer industry. Mr Peter O'Keeffe has accepted an invitation by Newmarket (Venture Capital) to become chief executive of Torch on secondment from Acorn Computers.

*

The INSTITUTE OF DIRECTORS has appointed a new public relations director. He is Mr Tim Devlin, national director of ISIS (the Independent Schools Information Service). He takes up his appointment on November 1 and will succeed Mr David Burnside who leaves the Institute to become deputy head of public affairs at British Airways.

*

Mr Clifford Ross Cope has been appointed treasurer, finance department, of the BRITISH NATIONAL OIL CORP. from September 4. He was financing manager at British Gas.

*

Mr Gerrit van Ling has taken over as managing director of UKF FERTILISERS, Ince, Chester. He succeeds Mr Willem van Asselt who has been appointed commercial director of the UKF Group in Utrecht, Holland. Mr van Ling was formerly general manager of the UKF plant at Ijmuiden, Holland.

*

Mr Ralph Neill and Mr Graham Harding have been appointed directors of A. & S. ANDREWS, a Ford main dealer of Ealing. The garage is part of the Taylor Woodrow Group. Mr Neill joined the group in South Wales in 1967 and is on the board of Taylor Woodrow Plant Co. Mr Harding joined Taywood-Santa Fe in 1977. He joined A. & S. Andrews as chief accountant in 1983 and was appoined company secretary later that year.

*

Mr John S. McCracken, resident director, Scotland and Northern Ireland, IBM United Kingdom, has been appointed a member of BRITISH RAIL (Scottish) board. He takes the place of Mr A. Ross Belch, who retires in October.

*

Mr Brian Haughton has been appointed director of sales and marketing at A. BAVEYSTOCK AND CO., with responsibility for the company's Bo-Peep range of nursery furniture and garden furniture and toys divisions. He was UK sales director for Pedigree Dolls and Toys.

*

Lord Erroll of Hale is retiring as chairman and director of ASEA LTD but will continue to serve the ASEA Group as general adviser. Mr Percy Barnevik, president and chief executive officer of ASEA AB, will succeed Lord Erroll as chairman of ASEA LTD.

*

Managing director of JOHN MENZIES Mr Douglas MacDonald has accepted an appointment in Switzerland and resigned from the board. Mr C. B. Lascelles has been appointed deputy chairman and Mr T. P. Callaghan managing director. Mr R. P. Wollsman, Mr. D. J. Mackay and Mr R. Black have been appointed to the board.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶12 %	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1-month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¾%, £10,000 up to £50,000 8%, £50,000 and over 8¾%.
‡ Call deposits £1,000 and over 7¾%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¾%.
¶ Mortgage base rate.

NOTICE TO ENTITLED ACCOUNT HOLDERS

OF

AMERICAN EXPRESS OVERSEAS FINANCE COMPANY N.V.

10¾ Percent Guaranteed Notes Due 1989

NOTICE IS HEREBY GIVEN to Entitled Account Holders of the 10¾ Percent Guaranteed Notes Due 1989, issued by American Express Overseas Finance Company N.V., a Netherlands Antilles corporation (the "Company") and guaranteed by American Express Overseas Credit Corporation Limited, a Jersey corporation, that:

(a) Payment of the final instalment of the issue price of each Note (being 75% of the issue price of pounds sterling 5,000 for each Note) is due and payable in same day funds in pounds sterling no later than 11:00 a.m., London time, on 16 October 1984. Payment shall be made to the main London office of Morgan Guaranty Trust Company of New York at Morgan House, 1 Angel Court, EC2R 7AE, London;

(b) The Company will accept payment of the final instalment of the issue price of any Note at any time after the due date for payment thereof up to and including 30 October 1984 but may elect, in its sole and absolute discretion, not to accept any such payment after 30 October 1984. No payment made after the 16 October 1984 due date shall be accepted unless accompanied by a further payment representing accrued interest at the rate of 15¾ percent per annum on the amount of the final instalment, calculated from 16 October 1984 to but excluding the date of actual payment on the basis of a 360 day year consisting of 12 months of 30 days each;

(c) No Entitled Account Holder or other person is under any obligation to pay or cause to be paid the final instalment of the issue price of any Note.

(d) IN THE EVENT, HOWEVER, THAT PAYMENT OF THE FINAL INSTALMENT IN RESPECT OF ANY NOTE IS NOT MADE AS AFORESAID ON OR BEFORE 30 OCTOBER 1984, THE COMPANY WILL BE ENTITLED (SUBJECT TO ITS RIGHT TO ACCEPT LATER PAYMENT) TO RETAIN THE FIRST INSTALMENT OF THE ISSUE PRICE PREVIOUSLY PAID FOR SUCH NOTE AND WILL HAVE NO OBLIGATION TO REPAY SUCH INSTALMENT OR TO PAY INTEREST THEREON FOR ANY PERIOD PRIOR TO, INCLUDING OR SUBSEQUENT TO 16 OCTOBER 1984.

(e) Payment of the final instalment of the issue price of any Note (together with interest thereon) accepted after the due date will be treated as having been made on the due date.

Arrangements should be made with Morgan Guaranty Trust Company of New York, Brussels office, as Operator of the Euroclear System, or CEDEL S.A. in order to assure timely payment of the final instalment.

The Notes have not been registered under the United States Securities Act of 1933 and are not offered in the United States of America or its territories or possessions or to nationals or residents thereof.

By: AMERICAN EXPRESS OVERSEAS FINANCE COMPANY N.V.

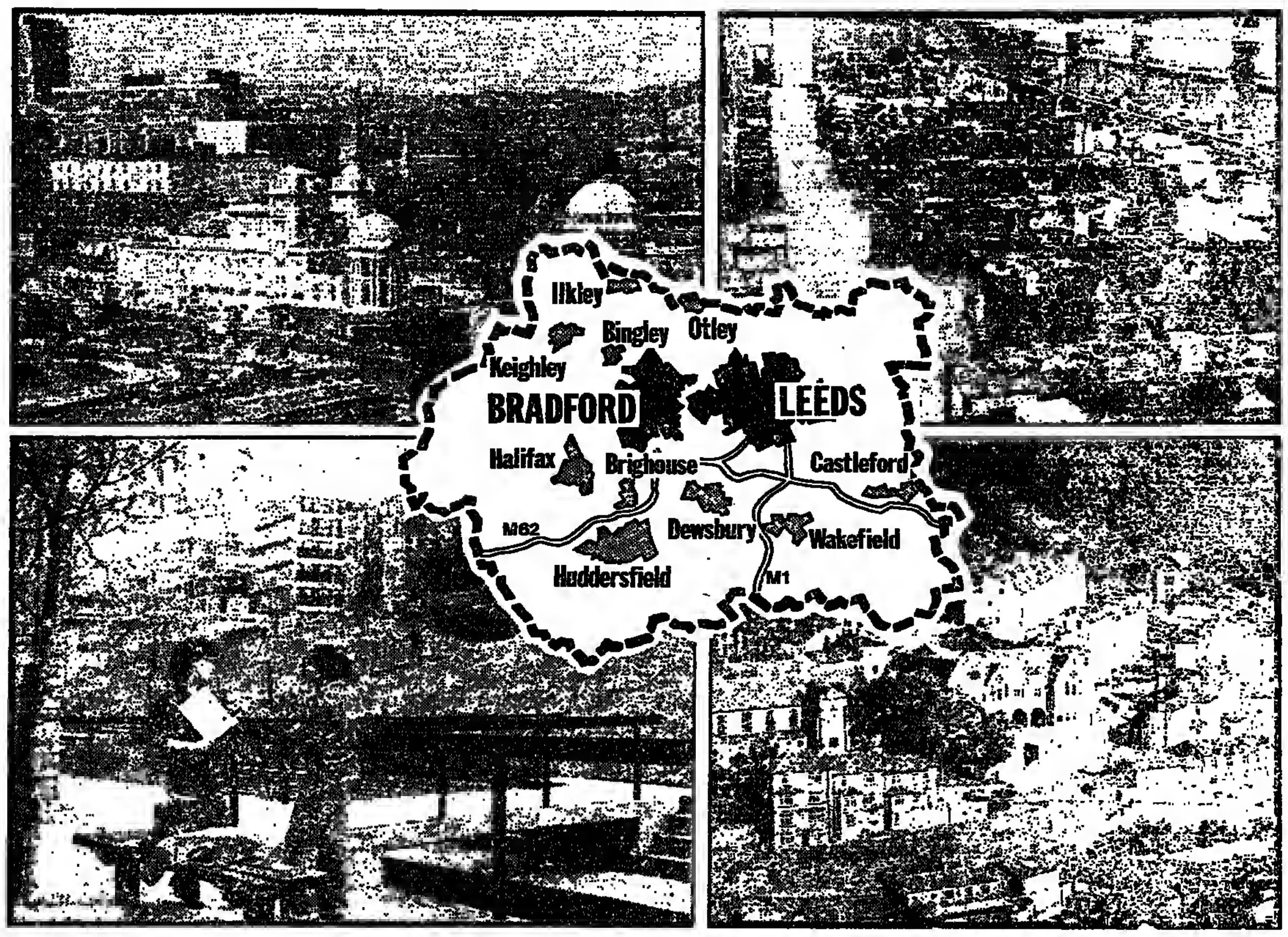
Dated: September 4, 1984

REGIONAL REPORT BY NICK GARNETT

The county's economic performance in the face of change has been comparatively healthy. Questions still need answering on the mix of industries and the issue of local government reorganisation.

West Yorkshire

Strains and affluence



WEST YORKSHIRE, Britain's largest metropolitan county in geographic area, has managed to sustain both a juggling act and an illusion during the past few years of industrial restructuring and recession.

It has escaped the more traumatic effects of change yet has failed to tap into the principal benefits of new technology and government investment. On balance, however, its relative economic performance has been healthier than almost anywhere in the North.

For all its image of being a dour hard-working traditional manufacturing area, there have also been profound positive developments in a range of activities from urban regeneration to tourism, product innovation and small business support.

West Yorkshire, whose 2m population ranks it the third largest metropolitan county, is a circular-shaped area wedged between the Pennines and the plains of Humberside. Its main urban settlements of Leeds and Bradford and the smaller clusters around Halifax, Huddersfield, Dewsbury and Wakefield consume the whole of the centre of the county.

Around these concentrations, more open country in the west and south-west stretches to Lancashire and the High Pennines, and in the north the rural beauty of the Yorkshire Dales. The South-West, with its coal mining has some close affinities with South Yorkshire.

The county's 12.7 per cent unemployment rate puts it on the British average and is more uniform than in most other areas of the North, ranging from the 11.4 per cent of the Halifax travel-to-work area to 14.9 per cent in Bradford which has endured some of West Yorkshire's most painful factory closures.

The whole of the county was an intermediate assisted area until 1982 but this status is now reserved only for Bradford (excluding Keighley), small pieces of the Wakefield district and Ryhill village.

A familiar juxtaposition of affluence and deprivation runs through the county — the relative prosperity in the smart towns such as Ilkley and Wetherby, and the inner city pressures of the main cities. Leeds says it needs £458m over the next decade to repair and improve its decaying council houses. Bradford's social and educational services are feeling the strain of increasing numbers of elderly people and a rising child population among the Asian community who make up 20 per cent of the old city area's population.

Incentives

Much of West Yorkshire's physical fabric also reflects the more traditional faces of its manufacturing base. A recently-published outside consultants joint report for the county council and Greater Manchester argues that more government cash incentives should be provided for the demolition or conversion of disused textile mills.

The county's industrial framework is marked by a preponderance of diversified locally-owned family businesses, a general absence of big manufacturing sites, and relatively placid labour relations which have proved to be a source of strength. The country's eceonomic structure is home-grown and naturally developed, not an artificial creation built on the back of regional development grants.

Mr Bryan Bigley, director of the CBI's Yorkshire and Humberside region, points to a range of sectors which have been improving profit performances during the past 18 months.

There is still too much dependence on traditional industries such as general engineering. Textiles shed 65,000 jobs in Yorkshire and Humberside during the 10 years to 1981, most of them in West Yorkshire where textile jobs accounted for 20 per cent of employment in some towns. A disproportionate number of women lost their jobs in this huge reversal which probably means the county has considerable hidden unemployment.

What some see as government delays or deliberate stalling on the use of EEC funds for both the restructuring of and the introduction of new machinery into the textile industry bas bred frustration. Bradford, Calderdale and Kirklees have been designated textile closure areas for building refurbishment and small firm grants from next year.

The county is weak in new high-technology companies with some notable exceptions such as Systime and Microvitec. This underlines the fact that much of West Yorkshire's employment will still have to be generated by traditional manufacturing and a number of job support agencies see their main role now as nurturing already existing businesses. Job shedding though has continued here. Some 12,000 redundancies were registered in West Yorkshire manufacturing in the 18 months to June.

One further weakness was spotlighted by a study two years ago by Prof Michael Hampshire of Salford University into 61 predominantly manufacturing companies in Calderdale. This revealed a lack of sufficient knowledge among senior management to make judgments on the application of microelectronics and a lack of confidence to seek external advice.

The county has a major stake in financial and commercial services. Leeds is an important financial centre and regional capital with offices of government departments and the Bank of England. The county as a whole is in the top league for building socities with the headquarters of the Halifax, the world's biggest, and many others including National Provincial, Yorkshire, Leeds, Bradford and Bingley, Leeds and Holbeck and Skipton.

A number of other themes are newer. Questions still need answering on the issue of reorganisation once the emtropolitan county council is scrapped—the control structure for the expanding Leeds-Bradford Airport, the continuation of centralised traffic control and bus services operations for example.

Cllr John Gunnell, the council's Labour leader, has been elevated to frontline spokesman for all the metropolitan county authorities. Abolition will be damaging for democracy and disruptive to services, he says. "Transport will be in a dreadful mess."

Mr Bigley expresses the business view by saying it should be possible to save costs borne by ratepayers by taking out one local government tier.

Some of the more recent positive developments have come from the local authorities. The economic development unit set up by Bradford Metropolitan Council in 1979 was one of the first of its type in the country. With a gross yearly budget of £1.3m, the unit has lent £4m to industry and helped promote the leisure industry, from special weekend breaks to attracting the World Speedway Championships.

The county as a whole has made significant strides in developing tourism, punctuated by the securing of awards such as that recently conferred on the Armley Mills Museum in Leeds.

Closures

Calderdale council has instituted a huge environmental metamorphosis in Halifax over the past 10 years through a radical programme of stone-cleaning and new city centre building using traditional materials.

Leeds City Council has begun a number of initiatives including grants up to £2,500 towards development of high-technology products and a new technology centre with training places for 80 people, low-cost industrial units and space for research and development work.

New business support agencies include the Kirklees and Wakefield Enterpise Trust, the Leeds Business Venture and the Bradford Enterprise Agency. The West Yorksbire Enterprise Board, set up by the county council, is one of the new breed of local authority-created employment support bodies run as commercial companies and has assisted 21 companies in its first 18 months.

Bradford Microfilms' Saltaire workshops and Dean Clough Mill are notable examples of cheap accommodation for new business start-ups.

All in all, the will is there to tackle the problems and steer the county towards a strong future. But there is much yet to be done.

Diversity staves off worst of recession

Industry

WEST YORKSHIRE'S industrial structure demonstrates some prominent characteristics which, in contrast to many other manufacturing areas, have given it a natural resilience to the worst effects of structural change and recession.

A diversified economic structure has allowed the county to show a better economic performance over the past 12 months than most others in the North.

These positive features include a well-developed spider's web of small, independently - minded family businesses, a general absence of the branch plant syndrome, no one-company towns and a dearth of very large, vulnerable manufacturing sites. Few companies, if any, employ more than 1,500, with typical factories having workforces of between 200 and 500.

These factors have been underscored by generally non-fractious labour relations and the absence of two industries—docks and mass-production car building—which have historically poor strike records.

Over-dependent

It is true that these characteristics do rub shoulders with some profound weaknesses. The county is still over-dependent on traditional industries such as textiles, clothing, engineering and coal, the first three of which have endured massive job losses.

Many family-owned businesses have been partly undermined by poor investment and a lack of professional management. Mr Bryan Bigley, director of the CBI's Yorkshire and Humberside region, says companies are now tending to invest to their limits even though margins are frequently too poor for adequate levels of expenditure.

"There is also a growing move towards bringing in non-executive directors to broaden the horizon of existing members of the board," Mr Bigley says.

The county has not escaped big plant closures over the past six years and Bradford has suffered more than its fair share of them. These have included the plants of Thorn EMI, International Harvester and Renold's Croft gear works.

Rank Optics and Leyland's C. H. Roe bus building company have both shut in Leeds as well as scores of textile-related mills in the county. But the scale and number of these closures have been nothing like those in many other regions.

West Yorkshire also suffers from a lack of high-technology companies. There are a few notable exceptions. Systime in Leeds employs 1,000 making a range of business computers including its new S series, also producing software and providing a range of services. Forty per cent owned by Control Data, Systime had a £46m turnover last year.

Microvitec in Bradford, set up in 1979 with the help of the local council's Economic Development Unit, now employs over 200 manufacturing visual display units and other products. Farnell at Leeds and Wetherby is an important instrument manufacturer.

Much of the Engineering sector is still struggling but the broadness of its structure in the county will ensure that most of what has remained will survive and perhaps grow.

Machine tools, much of it developing out of the textile industry, has taken some savage knocks and is only slowly recovering. Companies such as Dean, Smith and Grace and Landis Lund remain but other names like Asquith, Thomas Stirk and N. C. Ashton have either disappeared from the county or gone to the wall. Halifax has suffered the decline of this industry more than any other town.

While West Yorkshire is not a big builder of vehicles, the supply of components is important through companies such as Associated Engineering, Bradford and Cummins'-owned Holset, the Huddersfield turbocharger manufacturer now pulling out of recession.

Mining supply companies, anxious to see the end of the coal industry dispute, include Fletcher, Sutcliffe, Wild and British Geoffrey Diamond at Wakefield. Companies like process plant engineers Peabody Holmes, Clayton's fabrication and engineering operations in Leeds, Yorkshire Switchgear and the Crane division of NEI, testify to the diversified nature of this sector. Hopkinsons in Huddersfield is one of the world's leading valve manufacturers, successfully moving into the nuclear field.

The traumatic years of decline in textiles now appear to be over. Many of the mills that are left in Bradford, Huddersfield and Dewsbury are working double shifts clawing back more UK business and raising sales to the U.S. and Japan.

Direct selling

A core of a dozen companies including Parkland, Allied Textiles, Illingworth Morris, John Foster and Bulmer and Lumb are keeping the flag flying. Many of them like Peter Black have been running successful direct-sell mill shops. Carpets have taken a beating, Homfray and Crossley closing in Halifax.

Clothing, centred in Leeds and with its roots in Jewish tailoring, has taken some hefty knocks which have hurt companies like Burton. But the industry is fighting back through better designs and revamped retailing, with Leeds-based Hepworth revitalising its retailing image with its highly-successful chain of Next shops. Companies in this sector include Centaur, Executex and Sumrie, S. R. Gent, and United Drapery Stores (UDS).

Food manufacturing and services are well developed in the county with production sites such as those of Seabrook Crisps, Ben Shaw's softdrinks, Fox's Biscuits and several sweet manufacturers but it is in food retailing that West Yorkshire is particularly strong. A number of chains are centred in the county including Asda (the retailing division of Leeds-based Associated Dairies), Hillards of Cleckheaton, Morrisons' of Bradford and Lawrence Batley's cash-and-carries.

The county has a small chemicals industry, some of it growing out of textile dyestuffs. Companies such as Allied Colloids represent successful exporting stories. Other companies include A. H. Marks, Hickson and Welch, the Swiss company Sandoz, Yorkshire Chemicals and ICI.

In the glass industry, the container manufacturer Gregg at Knottingley has ridden out the recession but Rockware's Castleford plant has been one of the casualties. In rubber, big locally based companies include BBA and Scandura at Cleckheaton and Minlex.

The county's coal industry which has suffered from the general drift of mining development from west to east has seen the loss of seven pits and 3,000 jobs since 1979. The NCB though has been investing in a number of collieries including Kinsley Drift, Kellingley, Woolley and the Prince of Wales.

Kitchen and bathroom equipment is a growth sector in which West Yorkshire is represented through companies like George Moore at Wakefield, Symphony in Leeds and Sowerby Bridge-based Spring Ram currently building a new factory in Bradford.

In printing, Howson Algraphy near Leeds has invested heavily in new plant, and other companies in this sector include John Waddington whose plant also manufactures Monopoly sets. Grattan and Empire Stores in Bradford represent the county's main thrust in the mail-order business.

Checking truck flywheel housings at Keighley Foundries, the former Leyland company which was the subject of a management buy-out last year.

Successful performance despite the critics

Enterprise Board

THE West Yorkshire Enterprise Board, set up by the county council to raise the level of industrial and commercial investment, is one of a new breed of local authority-created agencies whose social remit is to support or help to create jobs while acting as a commercial company.

Its first full-year trading figures, just published, reveal a healthy performance which some of its earlier critics, including Tory councillors, have admitted to be successful.

The Enterprise Board now operates with £7.8m in council grants and has been negotiating substantial loans from the City. It secured yearly pre-tax profit of £241,000, taking into account a £115,000 general provision set aside against the possibility of business failures.

It has also invested about £3m in 21 companies together employing about 1,400, most of them in manufacturing. It has yet to have a company fail on it, though a recent attempt to provide rescue finance for a foundry company RMI (Bingley) foundered over union opposition to changes in employment conditions.

Such a performance does not stop criticism from some of the business community who are hostile to direct local authority involvement in industrial finance and support. For them local authorities can exert an influence distorting to the market and detrimental to competing companies which are not receiving assistance.

It has been a hard-working and in some cases harrowing time for the managing director, Mr Alan Pickering, and the board's staff of four managers and one solicitor.

Principles

With almost 600 inquiries made to the board and 100 active or "open" inquiries at any one time, Mr Pickering is planning to increase the staff by five—another investment manager, another solicitor, an analyst and two investigating accountants.

Three principles constitute the board's unofficial charter: to act as a commercial operation; to be self-financing in the medium term (believed to be possible if the board does not invest more than £3m a year); and to be free from political interference.

The board is controlled by six councillors who are the sole voting directors. Mr Pickering, a former Tory councillor, made it clear from the start that he did not believe the board could work properly if there was political interference and that he would not agree to serve under such a regime.

This was in line with the thinking of the council's moderate Labour controlling group, which also decided that local authority officers did not possess the required skills for the specialised work of investment management.

Investment decisions on the use of the board's functions of secured lending, venture and development capital are made by the board's staff, and their advice has not been challenged.

A third of the companies assisted by the board have been management buy-outs, another third were seeking what was in effect survival money, and the remainder needed financing to expand or re-equip.

One of the latest and largest financial arrangements made by the Board is the putting up of £420,000 for Joseph Rhodes of Wakefield—the machine tool manufacturer subject to a management buy-out from the Hanson Trust—in a joint deal with Wakefield City Council.

Boxford, a Halifax machine tool manufacturer bought out by management, has received £25,000 in return for 25 per cent of its share capital. The company's plant and assets were bought by the Board for £300,000 and are being leased back over 5½ years.

The Board has made a loan of £30,000 to Naylor Developments which is beginning to manufacture a replica MG TF sports car in Bradford. The company has since raised £350,000 through a shares issue, meeting a condition whereby the Board will now provide a further £150,000.

Other deals concluded by the Board include one with Keighley Foundries, formerly a part of BL, and another with Stotts of Halifax, a general printer which has been assisted with the purchase of a £210,000 printing press leased back to the company by the Board.

"We intend to run a profitable business here and not be a drain on the ratepayers," says Mr Pickering.

EEC, Central and Local Government Schemes of Support Specifically Available in West Yorkshire

Scheme	Benefits	Area(s)
EEC		
Textile Closure Area (ERDF)	Starts early 1985. Grants for building refurbishment and small firms	Bradford MD, Calderdale MD, Kirklees MD
Coal Closure Area (ECSC)	Low interest loans for investment, at 3-5% below UK commercial lending rates	Leeds, Dewsbury, Wakefield, Castleford
European Investment Bank	Low interest loans	West Yorkshire
Central Government		
Assisted Area (Intermediate)	Regional selective financial assistance	Bradford, Bingley, Shipley
Urban Programme Areas	Loans and grants for small firms and co-operatives	Leeds MD, Bradford MD
Enterprise Zone(s)	Rate relief exemption for between 7 and 10 years; 100% capital allowances; exemption from DLT	South Wakefield
Rural Development Area (Development Commission)	Announced June 1984. A wide range of grants and services for small firms including grants for building conversion and concessionary loans for tourist as well as manufacturing authorities	Pennine area (Todmorden, Hebden Bridge, Marsden)
Urban Development Grants	Grants by DoE towards joint/private sector projects	Leeds MD, Bradford MD, Wakefield MD
West Yorkshire Metropolitan County Council		
West Yorkshire Enterprise Board	The board provides venture and development capital for almost any form of investment	West Yorkshire
Small Firms Employment Fund	Loans and grants of up to £15,000 for firms employing up to 25 people	West Yorkshire
Job Incentive Scheme	Grants of £25 per week to firms employing up to 25 people to take on an unemployed person	West Yorkshire
Sites and Premises Scheme	Financial assistance to assist the development of job creating scheme which would not otherwise go ahead	West Yorkshire

PROFILE: CLLR. JOHN GUNNELL

Speaking up on the media

Cllr John Gunnell: fame

LIFE is a little quieter now for Councillor John Gunnell, Labour leader of West Yorkshire County Council and a Leeds University lecturer.

At the height of the Metropolitan county council's abolition debate, Cllr Gunnell's work schedule rocketed as he took on the role of public relations representative for the authorities.

In one 24-hour period he was on just about every national and local television and radio station, beginning with ITN's "News at Ten" and ending up on the BBC's "Sixty Minutes."

As more of the details of what abolition will mean become clear, Cllr Gunnell, leader of the council since Labour took control three years ago, should again enjoy the fame of a minor national figure known to many—at least by the sound of his voice on radio.

While the political move towards abolition draws to an inevitable conclusion, the 50-year-old councillor for the Hunslet area of Leeds has got on with the job of mixing teaching with the work of one of the busiest local politicians in Britain.

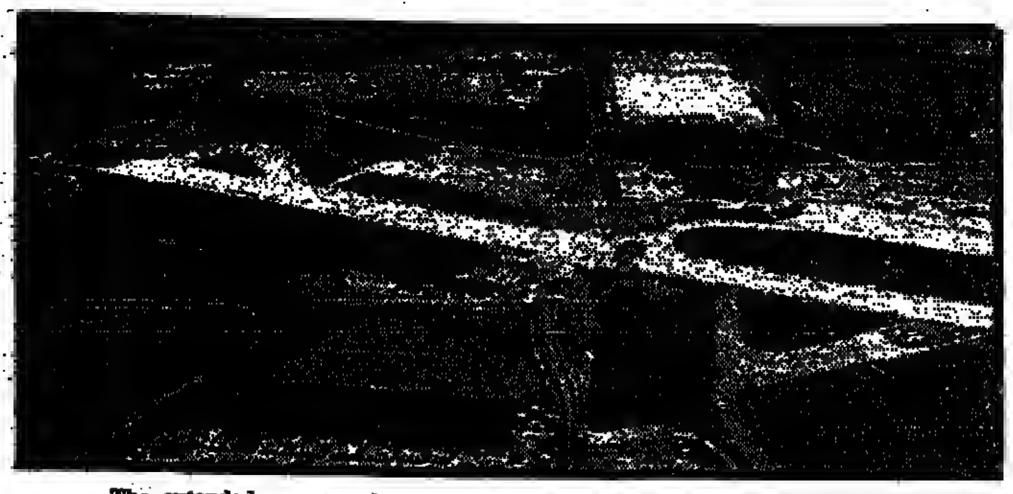
Indefatigable work on a dozen council committees, chairmanship of the Yorkshire and Humberside Development Association and the West Yorkshire Enterprise Board and membership of the Audit Commission are combined with resolving the many mini-crises that occur regularly in local government.

The round of media interviews on abolition coincided with a county bus strike, in the settlement of which Cllr Gunnell was energetically involved.

Abolition of the WYCC still hangs heavily on his mind. "It is just to give respectability to the Government's abolition of the GLC, which is itself unjustified," he says.

With the Labour fight against abolition lost, a large part of Cllr Gunnell's busy life will vanish. Like many other Metropolitan county politicians, he has to wait to see what Westminster will concoct to fill the void.

WEST YORKSHIRE 3



The extended runway, above, will enable the airport to take 747 Jumbos

£22m plans under way

LEEDS-BRADFORD Airport at Yeadon is at last beginning to look like an airport. Its development has hitherto been sluggish, expansion constrained by public inquiries, local residents' opposition, some wavering in political commitment to growth, and physical site drawbacks.

Last year its passenger throughput was just 293,000, a third of that of Newcastle and much less than a half that of the East Midlands, both of which have smaller passenger and freight catchment areas.

But the foundations have been laid for what its own administrators and the three local authorities who run it hope will be a springboard for trebling the number of people using Yeadon.

As part of a £22m development programme, the single runway is being extended by 2,000 ft to allow it to take a Boeing 747 "Jumbo" with full payload. At present the Boeing 737 is the biggest that can use Leeds/Bradford and even that relatively small aircraft cannot land or take off with optimum fuel and passenger loads.

The runway extension, due for commissioning early next spring but with the possibility of being ready for use before the turn of the year, is being carried out together with the uprating of lighting and navigation aids.

The first phase of extending the passenger terminal is due for completion next spring with a second phase scheduled to be finished by the summer of 1986.

These changes will increase the size of the arrivals area, improve baggage handling by means of automatic equipment, enlarge the area for concessions and provide a duty-free shop for the first time.

A third phase, incorporating a small multi-storey office block as well as improved passenger facilities, will go ahead only if rising demand warrants it.

The three local authorities of Leeds, Bradford and West Yorkshire County Council, whose councillors sit on the airport joint committee of 21 elected members, have already put their minds to reversing a steep decline in the amount of freight handled by the profit-making airport.

Leeds/Bradford Airport

A £1m cargo complex was opened last year but the fall in freight — against the international trend—can only be arrested when the runway extension is completed. One of the main reasons for the near-continuous slide in freight handling is the reduced availability of aircraft capable of using the short runway.

A new road layout around part of the airport perimeter has been completed together with a doubling of car parking spaces to 1,000.

"The future is bright," says Mr Gordon Dennison, the airport director. "Radical change will come from 1985 onwards." This should add to the financial performance of the airport which made a net trading surplus of £1.3m last year, a doubling in three years.

Signs of an improvement in services are already emerging. Scheduled daily air services from Yeadon by companies like British Midland, Air UK and Aer Lingus are restricted at present to other UK airports as well as Amsterdam, Paris and Dublin.

The Canadian airline Wardair has announced its intention of using Yeadon as soon as possible and is also interested in starting weekly charter flights across the Atlantic from there next year. Even without the runway extension, Spantax, the Spanish tour operator, will soon be operating from Yeadon and next year two foreign operators will offer flights to Bulgaria and Yugoslavia.

The restrained optimism of airport officials is based on the size of the catchment area—4.8m people living within reasonable driving distance—and projected figures by outside sources. Indications in the Civil Aviation Authority annual statistics and figures produced by Peat, Marwick, Mitchell suggest a growth in passenger traffic of between 1m and 1.5m.

The threatened abolition of the West Yorkshire County Council and the uncertainty surrounding whatever new controlling body takes over is an obvious cause of concern.

The airport management also knows that further development is needed. The catering services for supplying in-flight meals and drinks need to be extended and there are no covered facilities for maintenance work on large aircraft.

An ironic comment on the lethargic growth of Yeadon airport is that Newcastle and East Midlands Airports have much smaller passenger catchment areas. Only time will tell whether Yeadon can take full advantage of the opportunities provided by the large population living within a 20-mile radius.

Cashing in on past and present

Tourism

THE COACHES, usually loaded with elderly visitors, sometimes spotted pulling out of Esholt, the village near Bradford where some scenes of the Emmerdale Farm soap opera are shot, are an illustration of what has been happening in West Yorkshire's tourist industry.

The city of Bradford Metropolitan Council has picked up a clutch of awards for the way it has marketed its own area, which encompasses not only the 44 mill shops and industrial museums of a manufacturing city but also many of the county's familiar tourist haunts.

Again, weekend breaks—some of them organised on a theme basis—have been mushrooming throughout the county as a significant factor in the county's tourist business. These accounted for 20,000 bednights in Bradford last year and 15,000 in Leeds.

Indeed, West Yorkshire's tourist officers have used the county's natural and man-made features to such an extent that the tourist industry is developing as quickly there as anywhere in Britain.

West Yorkshire County Council estimates that £82m was spent in the county on business and leisure tourism last year, supporting upwards of 14,000 jobs and 700 places offering accommodation. Though no accurate figures are available the Yorkshire and Humberside tourist board estimates that about 5m people yearly stay overnight in the county.

Brontes

Two handicaps West Yorkshire labours under are the relatively few leisure visitors who stay more than one or two nights and the way mid-week hotel takings have reflected the recession-induced fall-off in business "tourism." Caravan and camping sites are also under-developed.

West Yorkshire has been making major strides in leisure tourism, however. The village of Howarth, home of the Brontes, with 750,000 visitors yearly, is by far the most popular spot. Others include Harewood House, the Pennine village of Heptonstall, Halifax's magnificent former wool-trade Piece Hall, the weavers' cottages at Golcar, the Victorian model village of Saltaire and Harry Ramsden's, the world's largest fish and chip shop.

The popular Keighley and Worth Valley Railway provides both a ride on steam trains of the past and a very useful connection to Howarth from the British Rail Station at Keighley.

New attractions in the past three years have included the National Museum of Film, Photography and Television in Bradford, Armley Mills Industrial Museum in Leeds and the bird garden at Lotherton Hall, Aberford. A new co-operative run, though fitfully-operated, boat service has opened on the Rochdale Canal between Hebden Bridge and Todmorden.

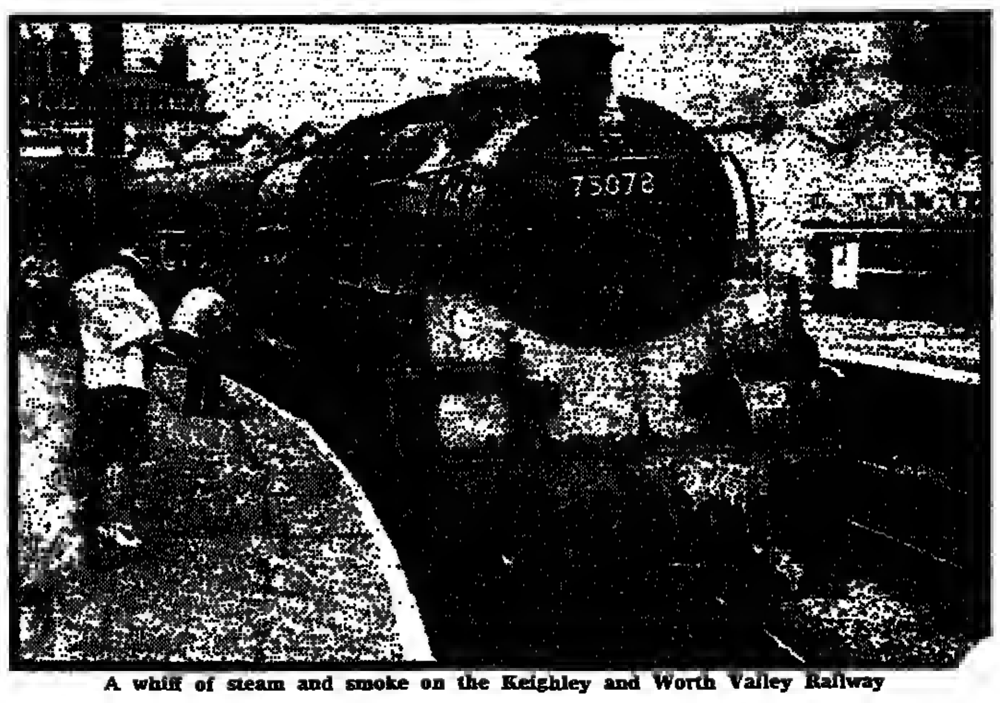
Developments under way include a multi-location Spen Valley transport Museum, featuring trams and the Kirkstall Brewing Museum in Leeds.

Other local authorities have been watching the progress of the county's development of theme visits. Of these Mr Philip Round, the county's tourism officer, singles out television programmes as having had a profound impact. Among the TV films partly or wholly shot in the county are "Last of the Summer Wine" at Holmfirth, "Foxy Lady" at Hebden Bridge," "In Loving Memory" at Luddenden, and "Emmerdale Farm."

A new offering next year will be the "Inheritance Road," a 140-mile tour around the county, several of its stately homes, spa towns and pennine villages.

The outer fabric of some of West Yorkshire's older buildings is in poor shape, hindering the county's attempt to break the blacker side of the "muck and brass" view still held by many potential visitors. But the county and the tourist board are keen to see the refurbishment of more older buildings, particularly those "listed" and in conservation areas.

Both are hoping that the area's tourist potential will continue to develop as the sights—and sites—are made more attractive.



A whiff of steam and smoke on the Keighley and Worth Valley Railway

Far-reaching changes bring modern system

Transport

PUBLIC TRANSPORT in the county has been undergoing far reaching changes in the past few years — in part resulting from a consultants' report by Booz Allen Hamilton into the structure and operations of the West Yorkshire Passenger Transport Executive.

Under one innovation, passengers can buy SaverStrip pre-purchase tickets for use on both local bus and rail services at 1,200 outlets including Post Offices. These offer 12 rides for the price of 10.

Other changes introduced following the report include the rationalisation of maintenance and repair facilities, route replanning and fare restructuring. Last year the number of passenger journeys on services directly operated by the PTE rose to 189m from 183m in 1983.

West Yorkshire is now operating the only British Rail/Leyland railbuses in the country. Bradford is the home of one of Europe's biggest transport interchanges, though it is now seen as being too big for current requirements. This point is underscored by the reduction in Inter-City express train services to Bradford.

Approved

Two developments should enhance the county's road system, which incorporates the M1 and M62 motorways. An all-purpose trunk road through the Aire Valley from Bingley to Kildwick has been approved though its actual line has yet to be agreed.

The inspector's report is awaited on the proposed new route from Kirkhamgate to Dishforth, which could link the M1 near Wakefield with the A1 south of Wetherby. These schemes are included in a recent CBI 10-year £333m new road "shopping list" for Yorkshire.

The county also has a longer-term proposal to build a new radial road east of Leeds, superseding the A64.

The Sheepscar Junction *north of Leeds has benefited* from this, while Scoot, a system which continually updates traffic flow information in relation to traffic light timing is being introduced at Wakefield.

Labour councillors believe the change-over period when the County Council is abolished will leave transport control in difficulties. Questions have certainly to be answered — for example, on the controlling of the central computer station in Leeds, which monitors traffic movements county-wide.

Freight transport by canal is nowhere near as developed as in South Yorkshire, though West Yorkshire is trying to encourage greater use of the canal system between Leeds and the River Ouse.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

FEW PEOPLE need reminding that these are tough times for small computer hardware makers.

They have come under increasing pressure from larger competitors and unable to achieve their economies of scale, some of the smaller hardware companies have even been forced to go to the wall. Casualties have included Dragon Data (subsequently taken over) and Tycom earlier this year, and before them, Grundy Business Systems and Iotechnology.

It is all the more striking then, to find that one of the minnows of the £1.7bn UK computer hardware industry, Haywards Heath-based ATS Communications, is not only thriving but is also arguing that it has a long-term future making microcomputer - driven screen-based telex terminals.

ATS is a textbook illustration of a small company which has identified a niche which—so far at least—bigger groups have passed by, either because they perceive it to be uneconomic or because their research departments are fully occupied pursuing ventures more closely related to their mainstream business.

In the past five years, the ATS group's profits have climbed from £194,000 before tax to £352,000. But it has stumbled alarmingly along the way. Its founder, whose skills had always been more technical than salemanlike, failed to market their products adequately.

That shortcoming, allied with an ambitious capital spending programme, sent ATS's profits plummeting, from £311,180 in 1980 to only £56,496 two years later. In an attempt to gain a keener commercial edge, the directors head-hunted a new managing director in April last year. Their chosen troubleshooter was Tony Stenham from Thorn EMI, who wasted no time in creating a new sales force and suggesting a number of new products.

Profits for the year to next December are now expected to be more than tripled at £1.1m on turnover of £7.8m, and the group is planning to achieve a public quotation within three years.

ATS developed its first product, a visual display unit compatible telex terminal from its original business as a communications consultancy. The most sophisticated of its range of terminals can receive, store and transmit messages simultaneously from up to 40 points and communicate with office computers.

Its market looked distinctly limited until the liberalisation of the UK telecommunications industry two years ago ended British Telecom's monopoly of

Tony Stenham: created a new sales force

The search for a safe niche

William Dawkins on how ATS Communications hopes to avoid major competition

the telex terminal business. But Stenham is convinced that his market will remain too small and specialised to be attractive to the computer and telecommunications majors.

"Our part of the telex terminal market is probably worth £45m," he says. "A large company could take £20m of that without running into monopoly problems, which is simply too small to be worth it. They will instead take it on as a marginal activity and sell somebody else's products carrying their own name, so that they don't have to invest in the engineering."

Indeed, ATS's list of distributors for its range of terminals reads like a roll-call of the telecommunications industry's top players. They include Plessey, STC, Racal, Case, Hasler, and British Telecom, which last month awarded ATS an order for its City Business Terminal, worth a minimum of £1.5m to ATS's turnover over the next year.

"Our main business is in PABX and telephone equipment, but when it comes to selling through our direct sales force, we find that it is advantageous to have a broader range of products," says Robert Harrison, Plessey Office Systems' marketing manager.

Harrison spotted ATS at the telecommunications industry's annual trade show, two years ago and is now the company's biggest private sector national distributor, with orders worth about £1m per year of an own label version of ATS's Vitel III wordprocessing telex terminal.

The BT City Terminal, however, is potentially ATS's most important product, since an estimated 80 per cent of the UK's telex users still buy their terminals from British Telecom. BT also sells telex terminals made by STC, Trend and Transtel, but those are printer-based, rather than intelligent terminal-based products.

ATS's £4,500 machine combines a personal computer, wordprocessor, message switch and communications terminal in one package, and the group is targetting for orders to rise from 1,000 units next year to 3,000 annually in the next three or four years.

The group started business 15 years ago, but did not start manufacturing until 1972, when it became clear that the equipment needed to put its consultancy advice into practice did not exist. The London Fire Brigade's need for a speedier and more flexible telex terminal led to its first contract, to make a telex-combatible VDU for the brigade's mobilisation system.

As its consultancy work created more manufacturing business, ATS soon found itself in the happy position of being able to sit back and simply wait for customers to telephone their orders into its hea doffice. It was only when ATS's markets became more competitive in anticipation of the industry's forthcoming deregulation that it saw the need for a salesforce—yet it still found itself somehow being left behind.

"We tended to have a block of salesmen who just dealt with anybody who came along," says Stenham. The salesforce was simply not up to dealing with a wide range of customers.

So Stenham disbanded the sales department and re-formed it into four sections: an original equipment manufacturer distributor division, where staff handle companies like Plessey who adapt ATS products for use in their own systems; an office equipment dealership sales force; a joint venture division, in which technical directors liaise with groups like BT which need outside assistance; and a systems division, where products are tailored to suit individual needs.

So far, the medicine seems to be working. ATS is in the process of moving into a new 50,000 sq ft factory over the the road from its present offices, and Stenham believes that by developing new lines from his existing products and pursuing industrial customers, he could lift group sales to £20m.

If the market has that much scope, however, it invites the question of whether a major group like Plessey would simply wait for ATS's products to become fully established, and move in, on the back of ATS's success, as a manufacturer.

"I don't think that the size of the telex terminal market as a proportion of our total business, or its likely future development is such that Plessey would choose to push ATS out by making its own screen-based terminals," says Plessey's Harrison.

"It just wouldn't make economic sense

In brief...

THOMSON Local Directories has produced a 25-page booklet—"The Small Businessman's Guide to Advertising"—which sets out some of the steps to take when you are planning your own advertising campaign. It looks at the pros and cons of using various forms of advertising media—cinema, direct mail, newspapers, posters, parking meters etc—and has some useful general tips among the predictable "plug" for its sponsor. It is available free from Jon Holman, Public Relations Manager, Thomson Directories, 296 Farnborough Road, Farnborough, Hants GU14 7NU.

●

DR GEORGE Mathewson, chief executive of the Scottish Development University Enterprise Lecture on the subject of "Enterprise and Individual Initiative" on Wednesday October 17. Sponsored by Lloyds Bank, the aim is to stimulate discussion and introduce new ideas capable of encouraging enterprise development in the Northern Region of England. Details from Derek Craven, Durham University Business School, Mill Hill Lane, Durham.

●

COMMUNITY Roots Trust, a charity particularly concerned with ethnic groups, is organising a Self-Help Trade Fair at the Wembley Conference Centre on June 14 and 15 next year. The project is a response to the continuing problem of high unemployment among black people and the difficulties black businesses face in getting support from financial institutions and voluntary, local and central government agencies.

The aim will be to assist those who see self-employment as an alternative to the prospect of long-term unemployment and to help small businesses get on to a sound footing and expand. The fair will consist of an exhibition of supporting organisations and a series of seminars and discussion groups.

Approximately half the 71 stands will be sold at commercial rates but there will be subsidies for organisations such as voluntary agencies and colleges on tight budgets. Enquiries should be directed to Dr Adrian Collett, Community Roots Trust, 2/4 Rectory Road, Stoke Newington, London N16 7QS.

T. D.

Management accounts

A clear picture at hand

WITH just six employees (besides himself) on the payroll and a projected turnover this year of £200,000, Roger Bricker admits his small company is in many ways "a very common animal."

Bricker, on the other hand, is justly proud that his exhibition design, graphics and display consultancy is unusual in at least one respect. For, unlike many companies of its size, Roger Bricker and Associates produces regular monthly management information showing draft profit and loss accounts, balance sheets, and lists of debtors and creditors outstanding at the time.

Earlier this year the Government's official report on businesses which have used its Loan Guarantee Scheme severely criticised the poor quality of management information in many small firms. A number of advisers agree that this is one of the major shortcomings, particularly of the newly established business.

Bricker had run through four different accountants in five years—and had suffered many frustrating meetings with his bank manager—before bumping into Tony Partis last May. Partis was just setting up a franchise in Kingston-upon-Thames for the North London based Accounting Information Development Service — a business aimed precisely at fulfilling his needs.

AIDS throughout the UK now provides computerised accounting and book-keeping services for around 550 companies which cannot afford the services of a full- or even part-time bookkeeper (Partis in Kingston services 14 of them). Clients fill in their bookkeeping and accounting records on the services standard forms and return them to headquarters where the information is processed on a central IBM mainframe computer.

The value of regular financial reporting was illustrated at a meeting between Bricker, his banker, Malcolm Unwin, of Midland's Kingston and Richmond Area office, and his accountant, Peter Rose, of the small Sutton-based firm of Hanks and Company. "Businesses tend to start when someone has an idea at home and sits down to do the business plan at the kitchen table," observes Unwin, who has seen many new propositions across his desk over the year. "As long as there are only one or two employees the proprietor can do the book-keeping by himself. In my experience the

Roger Bricker (left) and Anthony Partis

problems arise when a company is going through the tronsition stage to becoming large enough to hire someone else full time.

"Too often the result is that when businesses come to see their bank manager the information is out of date. We can see the way their overdraft account has been run—but too often the two parties are having to guess how much working capital is required."

Unwin admits that "10 to 20 years ago" companies could get by on historic information. "Nowadays," he says, "the economy is changing so quickly you just have to do some forward planning.

Since receiving monthly management accounts, Bricker's cash flow has also improved. "We found that debtors just weren't paying whereas creditors were paid the moment they made a fuss," observes Unwin.

AIDS (they've got used to the jokes) has not always been popular with accountants, who in some cases see the service as a threat to their own work. Not so Bricker's accountant, Peter Rose, who says properly prepared monthly figures cut down time spent on the audit and increase the time available for providing general advice. Six months ago, for example, he suggested that Bricker switch from sole trader to corporate status, a move which has enabled him to pay less tax on his profits and which has afforded him (in theory at least) the protection of limited liability.

There is, meanwhile, no shortage of software for companies which want to set up their own monthly management accounting system on micro computer. And many accountancy firms are moving into this market.

None of this deters Mike Salinger, AIDS' ambitious managing director, who talks about 1,000 clients by next June and the addition of two new franchises each month. Salinger stresses that his company does not do audits or offer tax advice: "Our key contribution is to interpret the financial information. We help enforce the discipline of monthly bookkeeping instead of waiting until the end-of-year audit."

After setting up costs Salinger reckons that a typical client will spend £200 to £300 per month for his company's service.

Franchisees—mostly, so far, chartered accountants looking for a new career—have to pay £5,000 outside London or £10,000 inside. He or she must then develop a client base paying the service a 10 per cent royalty plus 40 per cent of the selling price for the processing work done on computer.

Tim Dickson

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Men's and children's. Leasehold premises. Comprehensive plant.
Turnover approximately £2m
Knitting capacity 1,500 dozen per week. Leicester
Principals only:
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London EC4A 3EB

FOR SALE

TEXTILE PRINTING PLANT

One Stork [illegible] Rotary Screen Printing Machine [illegible] with DD2 [illegible] Sales Transfer Paper Printing Machine [illegible] Stenter [illegible] inspection machines, sampling table, screen washer [illegible] All in running order.
For further details
PHONE (0533) 769068

ASPHALT COMPANY

Due to forthcoming retirement Asphalting Company, based in Central Scotland, is available for sale. The company is currently turning over in excess of £1m and is available as a going concern
Principals only should write for details to Box G10037, Financial Times, 10 Cannon Street, EC4P 4BY

PRECISION ENGINEERS

PROFITABLE
SOUTH-EAST ENGLAND
Government Contracts
Turnover £300,000
Write Box G10039, Financial Times
10 Cannon Street, EC4P 4BY

DIVERCO SELL COMPANIES
NATIONWIDE
Priced £0.1m-£5m plus
Sellers and Buyers
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DIVERCO Ltd.
4 Bank Street, Worcester
0905 22303

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Well established health and beauty studios for sale. Fully fitted and equipped. Prestige position. £16,000 pa exclusive. Price: £150,000 to include goodwill, furnishings, fixtures and fittings. *Owners Agents:*
ROBERT IRVING & BURNS
23/4 Margaret Street, London W1
Tel: 01-637 0821 - Ref: IHB

COMPANY FOR SALE

PROFITABLY TRADING WITH £85,000 ANNUAL TURNOVER

Well known and established in UK in cookware, health and gift markets. Needs sole owner/manager or larger company to expand local and overseas sales.
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10 Cannon Street, EC4P 4BY

ELECTRONIC MANUFACTURER

Small company specialising in microprocessor-based instrumentation and control equipment for sale. Excellent customer base built in less than 3 years. High growth potential.
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10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE?

Approx. 5,000 sq ft of well equipped garage workshop available to rent

Ideal for quick-fit tyres/exhausts etc. Rent £15,000 pa exclusive
LONDON NW AREA
Write Box G10033, Financial Times
10 Cannon Street, EC4P 4BY

ESTABLISHED

HIRE PURCHASE COMPANY FOR SALE

BALANCES APPROXIMATELY £2M
EXCELLENT POTENTIAL
Replies in confidence to Chairman
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10 Cannon Street, EC4P 4BY

COMPANY FOR SALE

Old established Engineering Company for sale with own product. Stable profit record. Freehold property situated West Midlands.
Price guide: £100,000
Write Box G10015, Financial Times
10 Cannon Street, London EC4P 4BY

BUSINESSES FOR SALE ADVERTISING APPEARS EVERY TUESDAY

Contracts & Tenders

S. R.

SECRETARIA DE ESTADO DO TURISMO

INSPECÇÃO-GERAL DE JOGOS

ANNOUNCEMENT

CALL TO TENDER FOR THE CONCESSION TO OPERATE GAMES OF CHANCE IN THE ESTORIL GAMING AREA OF PORTUGAL

1. In accordance with Paragraph 1, Articla 1 of Decreto Regulamentar nr. 56/84 of 9th August 1984 wa do hereby announce a call to tender within sixty days terminating on 22nd October 1984 for the 19-year concession to operate games of chance in the Estoril gaming zone starting on 1st January 1987 on the conditions referred to in the above-mentioned decree as well as in Decree-Law nr. 48 912 of 18th March 1969 and Decree-Law nr. 274/84 of 9th August 1984.

2. The bids, which must comply with the requirements laid down in tha above-mentioned Decreto Regulamantar nr. 56/84, shall be submitted to tha attention of His Excellency the Minister of Trada and Tourism and shall be sent by registered mail through tha Correios a Telecomunicações da Portugal (C.T.T.) in a double envelope: tha inner envelope, which shall be closed and sealed with sealing-wax, shall contain only the bid as such end the bidder's name end eddress shall be clearly indicated on tha outside of it; the outer anvelope, which shall also be closed and sealed with sealing wax, shall be addressed to the Inspecção-Geral de Jogos at Avenida Dom Carlos, I, nr. 146, 1°, Dt°, 1200 Lisbon, Portugal, indicating the tender to which it refers. The outer envelope must be large enough to hold the aforesaid inner envelope containing tha bid as well as ell of the documents mentioned in sub-paragraphs (a) to (d) of paragraph 1 of article 8 of the said Decreto Regulamentar nr. 56/84 of the 9th August 1984 without any risk of damaging tha contents when the bids are opened.

3. Any queries may be addressed to the eforesaid Inspecção-Garal de Jogos who will also issue receipts for any deposits made in accordance with Sub-paragraph(c), Paragraph 1 of Article 8 of tha above-mentioned Decreto Regulamentar.

Tha Inspaccao-Garal de Jogos will also provide biddars on request with photocopies of thosa parts of tha study antitled "Estudo de Condições Associadas á Concessão de Actividade do Jogo ne Zono do Estoril" (Study of conditions Relating to Gambling Activity in the Estoril Gaming Zone) which may be of interest to them. This study was commissioned by tha Government in order to help dafine the minimum conditions on which this call for tandar was to be based.

It must be stressed, however, that this is merely a feasibility study based on historical data made available to tha authors and that in no circumstances shall the future concessionaire be entitled to invoka its provisions should they prova to be inaccurete.

4. The bids will be opened at a public ceremony at 4p.m. on the 25th October 1984 at the offices of the Inspecção-Geral da Jogos mentioned ebove, for the purpose of determining which of tha bidders hava properly complied with tha conditions laid down in this call to tander.

5. The envalopes containing the bids as such which have been submitted by all of the biddars not excluded from tha tander will be opened at 4p.m. on the 9th November 1984 also at the Inspecção-Geral da Jogos.

Inspecção-Geral de Jogos, 10th August 1984
THE INSPECTOR-GENERAL
A. M. E. da Silva Ferreira

Company Notices

NOTICE TO BOND HOLDERS
CENTRAL FINANCE CO. LTD.

US$30,000,000 6¾ PER CENT CONVERTIBLE BONDS 1991

Pursuant to Clause 16 of the Trust Deed dated 6th December 1983 in respect of the above issue, notice is hereby given as follows:
The Custodian, Tokai International Limited, has moved to the following address:
P & O Building,
122-138 Leadenhall Street,
London EC3V 4PT,
United Kingdom,
Telephone: 01-623 7508
Telex: 8812649 TOKINT G (unchanged)
Cable: TOKAINT LONDON EC3
Facsimile: 01-626 7680
THE TOKAI BANK LIMITED
Principal Paying and Conversion Agent
4th September 1984

BLUE CIRCLE INDUSTRIES PLC

NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER
NOTICE IS HEREBY GIVEN that an Interim Dividend of 6p per Ordinary Share of £1 on account of the year ending 31st December 1984 will be paid on and after Monday, 15th October 1984 to holders of Bearer Warrants upon presentation of COUPONS NO. 68.
Warrant holders who are employees of Blue Circle Industries PLC or any of its subsidiaries should follow the instructions to be displayed on company notice boards; warrant holders who are not employees should present COUPONS NO. 68 to the Company at the address shown below on or after 15th October 1984.
By Order of the Board,
E. W. T. DALKIN,
Secretary.
Portland House,
Stag Place,
London SW1E 5BJ.
24th August 1984.

Autopistas, Concesionaria Española, S.A. (ACESA)
Madrid, Spain

Autopistas de Cataluña y Aragon, Concesionaria Española, S.A. (ACASA)
7 % DM Bearer Bonds of 1978/1985
- Security Index Number 461 709 -

Merger

With reference to our announcement in the Financial Times of May 11, 1984 notice is hereby given that the merger of ACASA into ACESA has become effective on July 10, 1984.

Munich, August 1984

On behalf of

Autopistas, Concesionaria Española, S.A. (ACESA)
BAYERISCHE VEREINSBANK
Aktiengesellschaft

Mitsui Finance Asia Limited

U.S.$100,000,000
Guaranteed Floating Rate Notes 1996

Unconditionally guaranteed as to payment of principal and interest by

The Mitsui Bank Limited

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months interest period from 4th September 1984 the Notes will carry a rate of Interest of $12\frac{5}{16}$% per annum. The relevant Interest Payment Date will be 4th March 1985. The Coupon Amount per US$10,000 will be US$619.05 payable against surrender of Coupon No. 2.

Hambros Bank Limited
Agent Bank

Art Galleries

ORIAN GALLERIES, 7, Porchester Place, W2. 01-723 9473. "World State Circus" and other paintings by Ronald Forbes. Daily 10-6. Sat. 10-1.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

Business Wanted

CORTON BEACH P.L.C.

We are e rapidly expending group of companies involved in Food Manufacturing and distribution; now searching for a suitable acquisition.

We particularly seek companies with a minimum net profit in excess of £100,000 per annum and capable of further development.

Geographical location is not important and existing management would be retained. All replies will be treated in the strictest confidence.

Please reply to:
Mr M. Keen, Chairman
CORTON BEACH PLC
Corton House, 147a Bedford Road
Southport PR8 4HR

PUBLIC RELATIONS—Active and expanding PR Consultancy seeks to acquire like-minded Consultancy with current PR billings of £150-250,000 p.a. Write Box G.10021, Financial Times, 10, Cannon Street, London EC4P 4BY.

WINDOW SYSTEMS

Required: Profitable Window/*Door/Architectural Systems* Company. Sales over £3m
Apply Box G10024, Financial Times
10 Cannon Street, EC4P 4BY

SMALL PRIVATELY OWNED HOLDING COMPANY

Wishes to purchase controlling share or equal partnership in well established non-technical service or finance company in the SE. May suit retiring owner. p.p. up to £500,000. *Reply:*
A. Cooper, BEME LIMITED
9/30 Clarges Street, London, W1

WE SEEK

SUCCESSFUL SMALL COMPANIES FOR TAKEOVER

Any business considered. Price (almost) immaterial, unlimited funds available. Good commission payable for good introductions.
Write Box G10032, Financial Times
10 Cannon Street, London EC4P 4BY

PUBLICLY QUOTED GROUP

is seeking to expand its RESIDENTIAL DEVELOPMENT ACTIVITIES IN SOUTHERN ENGLAND BY ACQUISITION

It is looking for profitable housing companies operating at levels between 200 and 500 houses per annum. All replies will be treated in strict confidence, addressed to:
The Chairman/Chief Executive
Box G9958, Financial Times
10 Cannon Street, London EC4P 4BY

TEMPORARY EMPLOYMENT AGENCY

Substantial funds available for purchase of a large U.K. employment agency group specialising in temporary computer staff.
Please contact:
Jim Holt
HOLT ASSOCIATES INTERNATIONAL
Tel: Plymouth (0752) 671700
Telex 45473

BUSINESSES WANTED

APPEARS EVERY TUESDAY

We are a medium sized expanding company looking to purchase, by way of cash or share exchange a

LITHO PRINTING CONCERN

which must have at least one Four Colour Machine
Details in confidence from:
The Company Solicitor, Ref: RB
HARVEY INGRAM
20 New Walk, Leicester LE1 6TX

BUSINESS WANTED

Hand Forge Company Required
(Operational or "moth-balled")
Capable of working in carbon/alloy steels to a maximum dia of 6 ins and up to 3 tonnes in weight
Details to: PO Box 18, Belper
Derby DE5 2BX

U.K. Company

has funds available to purchase companies involved in transport distribution, road haulage, plant hire. Please reply to investor. All replies will be acknowledged.
Write Box G9994, Financial Times
10 Cannon Street, London EC4P 4BY

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday September 4 1984

Investors scramble for IBM's Labor Day gift, Page 36

LONDON

Bid moves lift the lethargy

GILT-EDGED stocks and leading shares showed underlying strength in London yesterday, reflecting hopes that the market has lost its summer lethargy. Activity was further enlivened by takeover speculation.

Unilever's weekend counter-offer for Brooke Bond aroused considerable interest, as did talk that the original bidder, Tate and Lyle, would soon reply. Speculation in the food sector was further fuelled by Barlow Rand's takeover bid for J. Bibby.

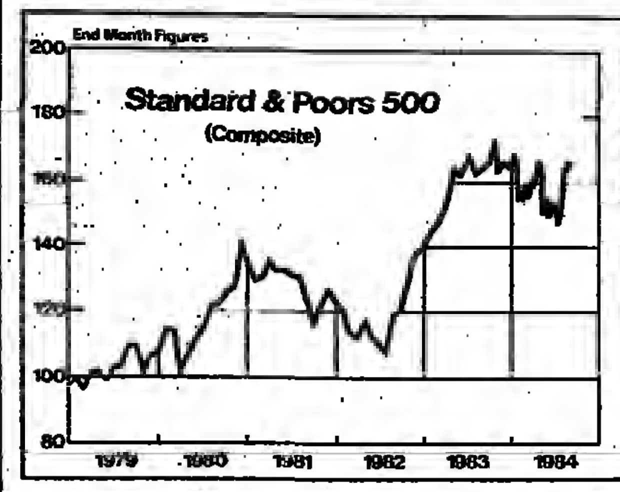
All three UK companies advanced with J. Bibby up 66½p to 293p, Brooke Bond up 7p to 117p and Tate and Lyle 10p higher at 382p.

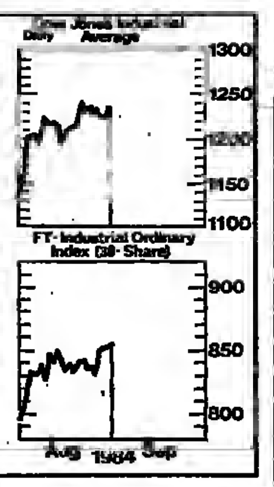
Throughout the session the FT Industrial Ordinary share index displayed insignificant fluctuations, but it improved after the official close of business to settle a net 1.4 higher for a four-day advance of 22.7 to 855.1.

Government securities edged quietly upwards with investors hoping for a favourable money supply trend.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30–31

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	Aug. 31	Previous	Year ago
DJ Industrials	1,224.38	1,223.28	1,216.16
DJ Transport	520.51	517.93	548.58
DJ Utilities	129.46	129.10	129.53
S&P Composite	166.68	166.60	164.40
LONDON	**Sept 3**	**Previous**	**Year ago**
FT Ind Ord	855.1	853.7	713.2
FT-SE 100	1,105.3	1,103.9	966.0
FT-A All-share	521.63	520.47	451.51
FT-A 500	565.94	564.49	489.35
FT Gold mines	581.4	565.4	682.3
FT-A Long gilt	10.55	10.57	10.81
TOKYO			
Nikkei-Dow	10,630.08	10,584.20	9,183.11
Tokyo SE	818.99	816.69	676.31
AUSTRALIA			
All Ord.	730.8	733.2	714.6
Metals & Mins.	457.4	460.4	604.7
AUSTRIA			
Credit Aktien	53.37	53.23	55.21
BELGIUM			
Belgian SE	157.48	157.18	132.49
CANADA	**Aug 31**	**Prev.**	**Yr ago**
Toronto			
Metals & Minls	2,019.1	2,031.36	—
Composite	2,388.8	2,380.0	2,483.0
Montreal			
Portfolio	117.08	118.59	120.63
DENMARK	**Sept 3**	**Previous**	**Year ago**
Copenhagen SE	184.33	185.71	186.81
FRANCE			
CAC Gen	173.2	172.5	133.1
Ind. Tendance	111.9	111.8	84.35
WEST GERMANY			
FAZ-Aktien	343.92	341.06	312.12
Commerzbank	1000.2	991.9	923.6
HONG KONG			
Hang Seng	939.42	926.78	950.54
ITALY			
Banca Comm	218.65	220.93	202.27
NETHERLANDS			
ANP-CBS Gen	155.5	154.5	138.4
ANP-CBS Ind	130.5	129.8	111.8
NORWAY			
Oslo SE	260.24	264.16	207.1
SINGAPORE			
Straits Times	922.29	929.26	978.46
SOUTH AFRICA			
Golds	986.3	992.3	947.8
Industrials	908.7	908.8	933.8
SPAIN			
Madrid SE	138.58	138.48	113.07
SWEDEN			
J & P	1,454.48	1,473.97	1,527.15
SWITZERLAND			
Swiss Bank Ind	379.3	379.4	335.3
WORLD	**Aug 31**	**Prev**	**Year ago**
Capital Int'l	184.7	184.7	177.5

GOLD (per ounce)

	Sept. 3	Prev
London	$344.50	$348.00
Frankfurt	$344.50	$348.00
Zürich	$344.50	$348.00
Paris (fixing)	$346.86	$348.65
Luxembourg (fixing)	$348.00	$348.60
New York (Sept)	$348.40†	$348.50

*Latest available; † Aug 31 close

CURRENCIES

(London)	U.S. DOLLAR Sept 3	U.S. DOLLAR Previous	STERLING Sept 3	STERLING Previous
$	–	–	1.303	1.3085
DM	2.9115	2.889	3.795	3.78
Yen	242.75	241.85	316.25	316.25
FFr	8.934	8.8645	11.64	11.5825
SwFr	2.428	2.41	3.165	3.1525
Guilder	3.284	3.255	4.278	4.26
Lira	1798.0	1786.0	2343.0	2337.5
BFr	58.655	58.175	76.4	76.15
C$	1.29595	1.29655	1.688	1.6965

INTEREST RATES

	Sept 3	Prev
Euro-currencies (3-month offered rate)		
£	10$\frac{11}{16}$	10$\frac{13}{16}$
SwFr	4$\frac{15}{16}$	4$\frac{15}{16}$
DM	5$\frac{9}{16}$	5$\frac{5}{8}$
FFr	11$\frac{3}{8}$	11$\frac{3}{8}$
FT London Interbank fixing (offered rate)		
3-month U.S.$	12	12
6-month U.S.$	12$\frac{3}{16}$	12$\frac{3}{16}$
U.S. Fed Funds	11$\frac{5}{8}$†	11$\frac{9}{16}$
U.S. 3-month CDs	11.50†	11.60
U.S. 3-month T-bills	10.60†	10.60

U.S BONDS

Treasury		August 31 Price	August 31 Yield	Prev Price	Prev Yield
12⅝	1986	99$\frac{23}{32}$	12.54	99$\frac{27}{32}$	12.52
13¼	1991	103$\frac{29}{32}$	12.87	104$\frac{1}{32}$	12.84
12⅝	1994	98$\frac{29}{32}$	12.83	98$\frac{31}{32}$	12.81
12½	2014	99$\frac{15}{32}$	12.55	99$\frac{15}{32}$	12.55
Corporate		**Aug. 31 Price**	**Aug. 31 Yield**	**Prev Price**	**Prev Yield**
AT & T					
10⅜	June 1990	89⅞	12.90	89⅞	12.90
3⅞	July 1990	71.00	10.60	71.00	10.60
8⅜	May 2000	72⅞	12.80	72⅞	12.80
Xerox					
10⅜	March 1993	87¼	13.15	87¼	13.15
Diamond Shamrock					
10⅜	May 1993	86⅜	13.25	86⅜	13.25
Federated Dept Stores					
10⅜	May 2013	90.342	13.30	90.342	13.30
Abbot Lab					
11.80	Feb 2013	89.00	13.30	89.00	13.30
Alcoa					
12¼	Dec.2012	89.00	13.30	89.00	13.30

FINANCIAL FUTURES

CHICAGO	Aug 31	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	65–26	65–29	65–10	65–19
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.62	89.67	89.56	89.61
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.51	88.55	88.44	88.47
LONDON	**Sept 3**	**High**	**Low**	**Prev**
Three-month Eurodollar $1m points of 100%				
Sept	88.33	88.35	88.31	88.34
20-year Notional Gilt £50,000 32nds of 100%				
Sept	105–17	105–27	105–15	105–30

COMMODITIES

(London)	Sept 3	Prev
Silver (spot fixing)	560.75p	568.30p
Copper (cash)	£1,037.50	£1,042.50
Coffee (Sept)	£2,394.00	£2,423.50
Oil (spot Arabian light)	$27.95	$27.94

TOKYO

Lacklustre day holds no surprises

INVESTORS selected incentive-backed issues in a lacklustre Tokyo market yesterday, in the absence of any particular motivating factors, *writes Shigeo Nishiwaki of Jiji Press.*

Trading centred on biotechnology-related and automotive stocks, but blue chips closed mixed after small-lot buying and selling.

The Nikkei-Dow market average added 9.48 from Saturday to 10,630.08, on volume which shrank from Friday's 330.18m shares to 204.38m. Gains outnumbered losses 329 to 318, with 176 issues unchanged.

Investors have been monitoring moves on Wall Street, and many followed New York's lead to take a Labor Day holiday of sorts on the sidelines. One brokerage house executive said the Tokyo Stock Exchange had been a photocopy of the New York market since early August.

The most heavily traded issue was Koito Manufacturing, which advanced Y8 to Y566, with 8.04m shares changing hands. The rise apparently reflected good demand for its automobile headlights in the U.S. Koito seemed to have marked as relatively low-priced Toyota Motor Group companies. Toyoda Tsusho, another part of the Toyota group, gained Y25 to Y458.

Tokyu Car went up Y13 to Y424, reflecting an increase in demand for containers, with non-residents continuing to buy. Trading of 4.66m shares made it the second busiest. Maruyama Mfg rose Y35 to Y420.

Among biotechnology-related stocks, Meiji Seika Kaisha, reported to have discovered an antibiotic that alleviates influenza symptoms, put on Y22 at one stage but settled Y11 higher at Y535. Kuraray finished at Y872, down Y5, as profit-taking increased after a Y15 advance.

Crown Radio, showing improved business, soared Y100 to Y2,110. Jujiya registered a daily limit gain of Y80 to close at Y450, reflecting profits accruing from the sale of real estate.

Of the blue chips, Hitachi dropped Y8 to Y845, but Matsushita Electric Industrial added Y20 to Y1,650.

Bond prices rose as some institutional investors and securities companies became encouraged by the view that U.S. interest rates had peaked. The yield on the benchmark 7.5 per cent government bonds maturing in January 1993 dropped from 7.205 per cent on Saturday to 7.16 per cent.

HONG KONG

TRADERS were encouraged by weekend developments on the future of Hong Kong and showed selective buying interest throughout the day.

Among property stocks, Cheung Kong rose 10 cents to HK$7.80 before the announcement, after the close of trading, of a slide in first-half earnings.

SINGAPORE

PROFIT-TAKERS trimmed Singapore prices during light trading. Turnover slipped to 12.5m shares compared with 21.2m on Friday.

Lee Kim Tah was the most active stock with 1m shares changing hands, while its price rose 2 cents to S$2.13. Pan Electric fell 5 cents to S$2.84, and United Industrial Corp 2 cents to S$2.49.

AUSTRALIA

RESOURCE STOCKS came under mild selling pressure during thin Sydney trading. Falls clearly outnumbered rises, but movements were marginal.

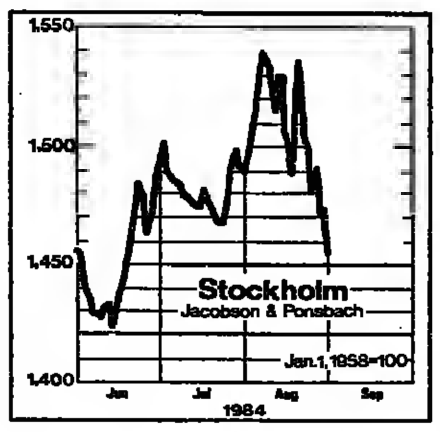
Market leader BHP shed 5 cents to A$10.40, Western Mining 11 cents to A$3.25, and EZ Industries and Poseidon 10 cents each to A$6.10 and A$3.05 respectively.

SOUTH AFRICA

GOLD SHARES closed mixed after quiet trading in Johannesburg. Industrials were largely unchanged in light trading.

Kloof gained 50 cents to R69.25, while among the cheaper issues Simmer and Jack fell 15 cents to R4.30.

After the announcement that Barlow Rand was making an offer for the UK company J. Bibby and Sons, it closed down 10 cents to R11.90.



SWEDEN

Wage earner funds carry mild impact

AFTER MONTHS of delay, Sweden's controversial "wage-earner funds" are starting to buy shares on the Stockholm Stock Exchange in what many of Sweden's business community have termed "the next step towards socialism," *writes David Brown in Stockholm.*

The funds have raised a total SKr 1.5bn ($180.5m) through levies on corporate profits since the start of the year, in the midst of an uncertain and lacklustre performance by the Swedish bourse. Their initial investment has been modest.

When the scheme for wage-earner funds was rammed through parliament last December by the ruling Social Democratic Party, it was attacked by the non-socialist opposition parties, the business community and a majority of Sweden's voters.

In the following month, however, as the stock market began to mark time, many brokers, paradoxically, began to see the scheme as a major potential source of new capital. The union-controlled funds will raise up to SKr 2bn every year until 1990.

Stock market dealing volume is down by 11 per cent over last year's level, says Mr Bengt Grönquist, the bourse chief. After notching up a 400 per cent climb in share values in the three years to the end of 1983, the exchange has done little so far this year.

The Vekans Affarer index is 2.3 per cent down on its level at the start of 1984, and the differently weighted Jacobson and Pensbach index up by a bare 0.6 per cent.

The market already appears to be saturated by new issues. Including the jumbo SKr 3bn subordinated loan to be issued by investment companies at the centre of the Wallenburg empire, the total level of new paper this year has already exceeded the SKr 11bn of last year.

"The level of supply and demand is reasonably balanced at the moment," says Mr Krister Wallin, president of the Montagu & Co brokerage house, "but I don't think the market will take any more."

At the same time, a change in the government share savings scheme for small investors may produce an outflow of SKr 3bn at the start of next year, according to Mr Leif Vindevag, a capital markets specialist at SE Banken, Sweden's largest commercial bank.

More worrying still is the fact that foreign shareholders, who played a major role in last year's upturn, became net sellers in the first half of this year – prompted by the sense that Swedish shares were no longer a bargain, by uncertainty over the effects of the wage-earner funds, and by the threefold rise in turnover tax imposed late last year.

Compared with net purchases of SKr 4.2bn in equities in the first half of 1983, foreign investors sold SKr 500m over the same period this year. The trend to net disposals was reversed in July and August, but the level of foreign interest looks unlikely to return with the same force as last year. Meanwhile, the wage-earner fund scheme has "neither influenced the market nor scared anyone off," says Mr Vindevag.

Up to the end of last month, the funds had invested a total of only SKr 200m, mainly in blue-chip stocks. The rest of the money has been placed in interest-bearing government bonds controlled by the state pension scheme.

"Brokers are ringing me up all day," says Mr Bo Dahlgren, who has just moved into his sparsely-furnished new downtown office as president of the Stockholm-based East Fund.

"My feeling is that share prices will continue to slide for a while," he says. "Perhaps if they start moving up again towards the end of this year, we might consider buying more heavily."

On this basis, it seems unlikely that the wage-earner funds will make up for a lack of interest by domestic small savers and the absence of major institutional buyers at home and abroad, analysts suggest.

"We can no longer produce a boom on our own," observes Mr Vindevag. "We now depend on a coincident development in, for example, New York."

THE PRICES of several leading issues closed sharply lower following thin trading on the Stockholm exchange.

The most actively traded shares were Electrolux B, which slid SKr 6 to SKr 248, and Volvo B, which closed down SKr 9 at SKr 234. Both companies last week reported strong profit results, and the falls surprised the market.

Overall, falls outnumbered rises by the ratio of almost 5 to 1.

National holidays caused the closure yesterday of U.S. and Canadian sharemarkets.

EUROPE

Turnover takes turn for better

THE MOST promising pointer for the European bourses, in a steady though uninspired session yesterday, came not from the trading floors themselves but from the exchange authorities in **Frankfurt** and **Amsterdam**, which each reported share turnover for last month at around double July's level.

While this improvement has by no means been matched in all other Continental centres, it indicates a return of institutional operations on a scale not seen since the buying surge that marked the start of the year.

Amsterdam share turnover in August soared from Fl 3.51bn to Fl 7.24bn, with bonds registering a more modest rise from Fl 4.72bn to Fl 5.45bn.

Frankfurt bond activity – spurred by hopes that coupon tax will soon be abolished – jumped from DM 3.10bn to a record DM 7.72bn, while equity business was up 48.6 per cent at DM 3.72bn.

Dealings in the two markets remained moderately active yesterday despite the North American holiday.

Domestic bond prices gained up to ¼, and the Bundesbank supplied DM 31.8m in paper.

In the Dutch market, Unilever received a positive response to its bid for Brooke Bond of the UK, gaining Fl 4.80 to Fl 278.80. The rejection of the offer made little difference.

Gains among bonds ranged to 30 basis points.

A firmer bias emerged in restrained **Paris** trading. Among those faring best were Bouygues and Michelin, up FFr 14 apiece to a respective FFr 640 and FFr 817, but declines were suffered by CIT-Alcatel, off FFr 33 to FFr 1,105, and La Redoute, down FFr 25 to FFr 1,125.

Amid renewed unrest at Citroën, Peugeot dipped FFr 1.90 to FFr 207.10.

Zurich drew demand for tour operator Kuoni, which added SwFr 350 to SwFr 8,400, while an earnings and dividend boost at Pargesa took it SwFr 85 higher to SwFr 1,380.

Bonds eased, with the new 4¾ per cent federal issue slipping to 98.4 from its 98.8 pricing. Its size was trimmed to SwFr 230m from SwFr 250m.

Technical adjustments took **Milan** lower. Fiat shed L88 to L4,405, and Olivetti L18 to L5,910. Bonds, more actively dealt, were selectively firmer.

Utilities led **Brussels** higher, while chemicals fared best in **Madrid. Copenhagen** provided a DKr 85 rally for Novo at DKr 1,970, but it and **Oslo** generally lost ground.

WORLD STOCK MARKETS

AUSTRIA

Sept. 3	Price Schs	+ or −
Creditanstalt	208	−1
Goesser	322	
Interunfall	400	
Laenderbank	208	−1
Perlmooser	343	−1
Steyr-Daimler	142	−1
Veitscher Mag.	215	−1

BELGIUM/LUXEMBOURG

Sept. 6	Price Frs.	+ or −
ARBED	1,620	−10
Banq Int A Lux	5,300	
Bekaert B	4,400	−50
Ciment CBR	2,700	−25
Cockerill	260	
Delhaize	5,700	
EBES	2,760	−10
Electrobel	7,860	
Fabrique Nat	2,020	
GB Inno BM	3,395	−15
GBL (Brux)	2,385	−15
Gevaert	3,600	
Hoboken	6,820	+20
Intercom	2,105	−5
Kredietbank	7,050	+50
Pan Hldgs.	9,650	
Petrofina	7,340	−40
Royale Belge	9,400	
Soc. Gen. Banq.	3,195	+5
Soc. Gen. Belge	1,200	+10
Sofina	6,900	+10
Solvay	4,310	
Traction el	4,100	−30
UCB	5,370	+50
Vieille Mont.	4,400	+10

DENMARK

Sept. 3	Price Kr %	+ or −
Aarhus Olie	455	
Andelsbanken	255	
Baltic Skand	545	−20
CopHandelsbank	959	+1
D. Sukkerfab	640	−10
Danske Bank	255	
East Asiatic	190	−2
Forenede Bryggs.	016	
Forenede Damp.	107	+1
GNT Hldg	620	
I.S.S.B.	450	−15
Jyske Bank	490	−5
Novo Ind.	1,970	+65
Privatbanken	229	−5
Provinsbanken	313	−2
Smidth (F.)	207	−1
Sophus Berend	265	−5
Superfos	481	−6

FRANCE

Sept. 5	Price Frs.	+ or −
Emprunt 4½% 1973	1,696	+7
Emprunt 7% 1973	9,150	+30
CNE 3%	5,565	−5
Air Liquide	634	−7
BIC	444	+5
Bouygues	640	+14
BSN Gervais	2,655	+5
CIT-Alcatel	1,105	−33
Carrefour	1,555	+6
Club Mediter'n	853	−2
CFAO	612	+10
Cie Bancaire	554	−3
Cofimeg	227	−1
Darty	096	+1
Dumez S.A.	740	+15
Eaux (Cie Gen)	542	+2
Elf-Aquitane	234	+1
Gen. Occidentale	675	+10
Imetal	89.3	−0.6
Lafarge Coppee	344.5	+1
L'Oreal	2,501	+1
Legrand	1,950	+5
Maisons Phenix	193	+3
Matra S.A.	1,560	+10
Michelin B	817	+14
Midi (Cie)	1,710	+10
Moet-Hennessy	1,738	
Moulinex	102.9	−0.9
Nord Est	49.4	
Pernod Ricard	808	+1
Perrier	511	−1
Petroles Fra.	228	−1.6
Peugeot S.A.	207.1	−1.9
Poclain	57.5	+2.5
Printemps Au	164.8	−1.2
Radiotech	253	+10
Raute	1,125	−95
Rouss-Uclaf	1,377	+21
Sefimeg	255	−1
Skis Rossignol	1,473	+31
Telemecanique	1,800	+1
Thomson CSF	352.5	+9.5
Valeo	227	+2.6

GERMANY

Sept. 3	Price Dm.	+ or −
AEG-Telef.	90.8	−0.1
Allianz Vers.	897	+9
BASF	154	−1
Bayer	167	+0.5
Bayer-Hypo	269	+8.5
Bayer-Verein	310	+1
BHF Bank	240	−3
BMW	383	+2.5
Brown Boveri	195.5	−0.5
Commerzbank	150	+0.7
Cont'l. Gummi	114.5	+0.3
Daimler Benz	543	+9.9
Degussa	345	+1
D'sche Babcock	158.5	+3
Deutsche Bank	311.2xr	+2.7
Dresdner Bank	152.5	−1
GHH	137.5	−0.0
Hochtief	502	−4
Hoechst	169.1	+0.6
Hoesch Werke	97.4	+2.6
Holzmann (P)	396	−3
Horten	168	+2
Kali und Salz	236	+8
Karstadt	242	+1.5
Kaufhof	229.6	+2
KHD	237.6	+1.1
Kloeckner	60	+2.5
Krupp	70	+0.5
Linde	664	+1
Lufthansa	168	−1.5
MAN	149	−2
Mannesmann	144.6	+4.1
Mercedes Hld.	482.5	+2.5
Metallgesell	204	
Muench Rueck	1010	−10
Preussag	949	+9
Rhein West Elect	159.5	+2
Rosenthal	299.5	−0.5
Schering	357	+9
Siemens	405.1	+2.1
Thyssen	77.2	−1.3
Varta	174.5	+3.5
Veba	164.7	+0.3
V.E.W.	117	+1.8
Verein-West.	291	
Volkswagen	172.7	−3.7

ITALY

Sept 1	Price Lire	+ or −
Banca Com'le	17,250	−200
Bastogi-IRBS	155	−1
Centrale	2,161	−49
Credito Varesino	4,104	−9
Fiat	4,405	−86
Finsider	40	
Generali Assicur	34,400	−450
Invest	9,920	+5
Italcementi	50,100	−550
Montedison	1,231	−15
Olivetti	5,010	−16
Pirelli Co	3,055	
Pirelli Spa	1,840	−40
Snia BPD	1,840	−30
Toro Assic.	19,500	−166
do. Pref	0,060	+1

NETHERLANDS

Sept. 5	Price Fls	+ or −
ACF Holding	175	−5
AEGON	115.9	−0.7
Ahold	194	+1.5
AKZO	93.1	+0.1
ABN	205	+0.6
AMEV	162.4	−0.4
AMRO	66.3	+0.3
Bredero Cert.	172	−3
Bos Kalis Westm.	23	+0.2
Buehrmann-Tet	64	−0.2
Calland Hldgs.	51.3	−0.2
Credit Lyon'is BK	52	+0.6
Elsevier-NDU	93.5	+1
Gist Brocades	161.2	−0.5
Heineken	139	−0.5
Hoogovens	55.0	+0.1
Hunter Douglas	29.6	−1.1
Int Mueller	38.6	+0.6
KLM	175	−0.8
Naarden	41.2	+0.3
Nat Ned Cert.	226	+4
Ned. Credit Bank	40	
Ned Mid Bank	134.8	+0.3
Nedlloyd	129.9	+4.3
Oce Grinten	340	+5
Ommeren (Van)	24.0	
Pakhoed	58	+0.8
Philips	51.1	+0.7
Rijn-Schelde	1.6	
Robeco	64.9	−0.2
Rodamco	131.7	−0.1
Rolinco	62.3	+0.2
Rorento	203.6	−0.4
Royal Dutch	164.2	−0.2
Unilever	276.9	+4.8
VMF Stork	129.5	
VNU	160.3	+0.4
West Utr Bank	97	

suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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NORWAY

Sept. 3	Price Kroner	+ or −
Bergens Bank	150	−1.5
Borregaard	300	−2
Christiania Bank	150	
DenNorske Cred	160	
Elkem	124	−5
Norsk Data	319	−3.6
Norsk Hydro	632.5	−15
Storebrand	205	−6

SPAIN

Sept. 6	Price Pta %	+ or −
Bco Bilbao	343	
Bco Central	359	−1
Bco Exterior	904	
Bco Hispano	232	−1
Bco Santander	325	
Bco Vizcaya	395	
Dragados	163	−2
Hidrola	65.2	−0.5
Iberduero	72.0	
Petroleos	163	+4.5
Telefonica	93	+0.5

SWEDEN

Sept. 5	Price Kronor	+ or −
AGA	355	−5
Alfa-Laval	216	−6
ASEA (Free)	385	−6
Astra (Free)	450	
Atlas Copco	111	−1
Boliden (Free)	380	−1
Cardo (Free)	312	−3
Cellulosa	126	−2
Electrolux B	248	−6
Ericsson	348	+5
Esselte	505	
Mo Och Domsjo	310	−16
Pharmacia	208	−6
Saab Scania Free	850	
Sandvik	415	−1
Skandia	350	−7
Skan Enskilda	58.6	−1
SKF	171	−6
St Kopparberge	700	−10
Sven Handlesbn.	178	
Swedish Match	231	−5
Volvo B (Free)	234	−0

SWITZERLAND

Sept. 3	Price Frs.	+ or −
Alusuisse	770	−3
Bank Leu	3,600	−25
Brown Boveri	1,660	+25
Ciba Geigy	2,435	−5
do. (Part Certs)	1,915	−15
Credit Suisse	2,125	+5
Elektrowatt	2,520	+20
Fischer (Geo.)	610	
Genevoise	6,600	
Hoff-Roche PtCts	92,500	−375
Hoff-Roche 1/10	9,250	−50
Jacobs Suchard	6,300	
Jelmoli	1,980	−10
Landis & Gyr	1,460	−16
Nestle	5,485	+25
Oer-Buehrle	1,255	+5
Pirelli	260	−2
Sandoz (Br)	7,090	+140
Sandoz (PtCts)	1,128	+3
Schindler (PtCts)	590	+5
Swissair	970	−5
Swiss Bank	325	
Swiss Reinsce	7,625	+25
Swiss Volksbk	1,380	
Union Bank	3,350	−10
Winterthur	2,940	
Zurich Ins	17,150	

AUSTRALIA

Sept. 3	Price Aust $	+ or −
ANZ Group	4.85	−0.05
Acrow Aust	1.6	
Alliance Oil Dev.	0.94	+0.01
Ampol Pet.	1.7	
Aust Cons Ind.	1.87	−0.02
Aust. Guarantee	2.87	+0.08
Aust. Nat. Inds	2.33	+0.02
Aust. Paper	2.3	−0.04
Bell Group	4.4	−0.00
Bond Corp Hldgs	1.35	
Boral	3.68	−0.05
Bougainville	1.77	
Brambles Inds	3.05	+0.06
Bridge Oil	2.9	−0.1
B.H. Prop	10.4	−0.05
CRA	5.26	
CSR	3.2	
Carlton Utd	4.50	
Castlemaine Tys.	4.45	
Coles (G.J.)	4.00	
Comalco "A"	2.45	
Consolidated Pet	0.6	
Costain Aust	1.5	
Dunlop Aust.	1.77	
E.Z. Inds.	6.1	−0.1
Elders IXL	4.00	
Energy Res.	1.55	

AUSTRALIA (continued)

Sept. 3	Price Aust. $	+ or −
Gen Prop Trust	2.16	−0.02
Hardie (James)	5.3	
Hartogen Energy	9.6	
Herald W'yTimes	6.95	
ICI Aust.	2.0	
Jimberlana F.P.	0.30	
Kia Ora Gold	0.14	
Lend Lease	6.0	
MIM	2.93	−0.04
Mayne Nickless	2.98	
Meekatharra	0.75	−0.05
Myer Emporium	1.0	−0.02
Nat. Com. Bk	5.5	−0.02
News	10.5	
Nicholas Kiwi	4.1	
North Bkn Hill	2.26	−0.8
Oakbridge	0.88	−0.02
Otter Expl.	0.49	
Pancont'l	1.25	
Pioneer Conc.	1.56	−0.01
Queensland Coal	1.20	
Reckitt & Coln.	8.0	
Repco	1.17	+0.02
Santos	5.76	−0.04
Smith (Howard)	3.95	+0.05
Southland Min'g.	0.28	−0.01
Sparges Expl.	0.6	
Thos. Natwide	1.95	−0.02
Tooth	6.60	
Vamgas	3.06	
Western Mining	3.25	−0.11
Westpac Bank	3.8	
Woodside Petrol.	1.18	+0.01
Woolworths	2.6	+0.05
Wormald Intl.	2.86	−0.04

HONG KONG

Sept. 5	Price H.K.$	+ or −
Bank East Asia	20	+0.5
Cheung Kong	7.6	+0.1
China Light	12.4	
Hang Lung Devel	2.2	
Hang Seng Bank	32.25	
HK Electric	6.85	
HK Kowloon Wh.	3.72	+0.15
HK Land	2.95	+0.05
HK Shanghai Bk.	6.4	
HK Telephone	45.5	+2
Hutchison Wpa.	11.3	+0.9
Jardine Math.	9.8	+0.4
New World Dev.	5.26	+0.15
Orient O'seas	2.55	+0.1
Oseas Trust Bk.	7.0	+0.05
SHK Props.	6.4	+0.05
Swire Pac A.	17.1	+0.1
Wheel'k Mard A.	3.56	+0.08
Wheel'k M'time.	1.0	
World Int. Hldgs.	2.1	+0.1

JAPAN

Sept. 5	Price Yen	+ or −
Ajinomoto	1,210	+10
Alps Electric	2,180	+10
Amada	1,320	+40
Asahi Chem	675	+15
Asahi Glass	779	+11
Bridgestone	589	−11
Canon	1,310	−20
Casio Comp.	1,440	−10
Chugai Pharm.	1,000	−20
Citizen	562	+3
Daiei	645	−16
Dai Nippon Ptg	981	−16
Daiwa House	499	−7
Ebara	362	−9
Eisai	1,200	−20
Fanuc	9,450	−110
Fuji Bank	000	−2
Fuji Film	1,760	+10
Fujisawa	1,060	
Fujitsu	1,340	+10
Green Cross	1,670	+10
Hasegawa	350	
Heiwa Real Est.	647	−4
Hitachi	846	
Hitachi Credit	1,220	+30
Honda	1,380	
House Food	726	
Hoya	2,190	−20
Itoh (C)	285	
Ito Yokado	2,110	−30
Iwatsu	1,530	−30
JACCS	347	−8
JAL	3,480	−20
Jusco	834	
Kajima	283	−2
Kao Soap	750	−1
Kashiyama	616	+6
Kirin	650	−6
Kokuyo	966	−13
Komatsu	459	
Konishiroku	601	+1
Kubota	313	+1
Kumagai	455	−1
Kyoto Ceramic	6,370	−20
Maeda Const.	474	−5
Makino Milling	1,410	+10
Makita	1,110	−90
Marubeni	311	−5
Marudai	508	−2
Marui	1,220	−10
MEI	1,550	+30
M'ta Elec Works	640	−4
M'bishi Bank	900	
M'bishi	563	+3
M'bishi Elec.	417	+2
M'bishi Estate	472	−1

JAPAN (continued)

Sept. 5	Price Yen	+ or −
MHI	236	+1
Mitsui Co	329	−1
Mitsui Estate	561	−4
Mitsukoshi	380	
NGK Insulators	862	+2
Nihon Cement	205	
Nippon Denso	1,570	−20
Nippon Elect.	1,310	
Nippon Express	330	
Nippon Gakki	030	−11
Nippon Kokan	141	−1
Nippon Oil	913	+6
Nippon Seiko	586	+16
Nippon Shimpan	645	+16
Nippon Steel	164	
Nippon Suisan	826	+4
NTV	10,800	
Nippon Yusen	229	
Nissan Motor	607	−7
Nisshin Flour	490	−2
Nisshin Steel	175	−6
Nomura	707	+7
Olympus	1,080	−10
Orient Leasing	5,500	+50
Pioneer	2,540	+20
Renown	639	+14
Ricoh	942	+4
Sankyo	810	+14
Sanyo Elect.	518	+1
Sapporo	413	−7
Sekisui Prefab	568	−2
Seven-Eleven	8,610	−90
Sharp	1,190	−20
Shimadzu	603	+23
Shionogi	683	+1
Shiseido	1,110	−20
Sony	3,580	+90
Stanley	860	+14
S'tmo Bank	905	−16
S'tomo Elect	880	+8
S'tomo Marine	408	
S'tomo Metal	152	+1
Taihei Dengyo	481	+2
Taisei Corp	203	−2
Taisho Pharm.	990	+20
Takeda	762	+2
TDK	5,530	−30
Teijin	400	+14
Teikoku Oil	570	+2
Tokyo Marine	584	−22
TBS	757	+7
Tokyo Elect Pwr.	1,240	
Tokyo Gas	162	+2
Tokyo Sanyo	698	−7
Tokyo Style	741	−3
Tokyu Corp.	278	
Toppan Print	860	+10
Toray	413	+6
Toshiba Elect.	429	
TOTO	597	
Toyo Seikan	650	+10
Toyota Motor	1,470	
Victor	2,300	+20
Wacoal	765	
Yamaha	679	+22
Yamanouchi	1,390	+30
Yamazaki	855	+7
Yasuda Fire	280	−4
Yokogawa Bdge.	465	+2

SINGAPORE

Sept. 3	Price $	+ or −
Boustead Hldgs.	2.2	−0.01
Cold Storage	3.34	−0.70
DBS	7.05	+0.05
Fraser & Neave	6.85	−0.05
Genting	6.6	−0.05
Haw Par. Bros.	2.2	−0.01
Inchcape Bhd.	2.87	−0.01
Keppel Shipyard	2.07	+0.01
Malay Banking	0.1	−0.05
Malay Brews.	7.05	+0.05
Multi Purpose	1.12	−0.01
OCBC	2.8	+0.05
OUB	4.14	−0.02
Sime Darby	2.12	+0.05
Straits S'mship.	1.5	+0.02
Straits Trdg.	6.5	−0.15
UOB	4.76	

SOUTH AFRICA

Sept. 3	Price Rand	+ or −
Abercom	1.47	
AE&CI	7.8	−0.1
Anglo Am Coal	36.25	−0.25
Anglo Am Corp.	26.15	−0.1
Anglo Am Gold	155.5	+0.5
Barclays Bank	16.75	−0.1
Barlow Rand	11.2	
Buffels	80.00	+0.2
CNA Gallo	2	
Currie Finance	3.5	
De Beers	9.05	−0.07
Driefontein	49.8	+0.1
FS Geduld	49.5	
Gold Fields SA	87	−0.25
Highveld Steel	4.6	−0.05
Nedbank	12	+0.25
OK Bazaars	14.75	−0.25
Protea Hldgs	1.95	−0.05
Rembrandt	27.25	
Rennies	14	−0.25
Rust Plat	16	+0.1
Sage Hldgs	7.1	−0.1
SA Brews	6.6	
Tmith (CG)	18.8	+0.1
Songaat Hulett	8.8	
Unisec	6.00	

Indices

NEW YORK

DOW JONES

	Aug. 31	Aug. 30	Aug. 29	Aug. 28	Aug. 27	1984 High	1984 Low	Since Compiltn High	Since Compiltn Low
♦Industri'ls	1224.38	1223.28	1226.92	1252.11	1227.92	1286.64 (6/1)	1086.57 (24/7)	1281.7 (19/11/83)	41.22 (2/7/32)
H'me Bnds	66.66	68.08	68.57	87.07	67.99	71.76 (6/2)	64.81 (25/5)	—	—
Transport.	520.51	517.25	512.12	520.08	516.66	612.63 (9/1)	444.03 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	122.46	122.10	122.36	129.37	129.26	134.83 (6/1)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	57,480	70,840	90,660	70,860	57,660	—	—	—	—

♦Day's high 1226.70 (1231.82) low 1213.80 (1218.64)

	Aug. 24	Aug 17	Aug. 10	year ago (approx)
Industrial div. yield %	4.67	4.76	4.66	4.66

STANDARD AND POORS

	Aug. 31	Aug 30	Aug. 29	Aug. 28	Aug. 27	1984 High	1984 Low	Since Compt'n High	Since Compt'n Low
Indust'ls	189.47	189.41	190.00	190.4	189.21	198.68 (21/8)	157.74 (24/7)	194.84 (10/10/83)	3.62 (30/6/32)
Comp's'te	166.68	166.60	187.09	167.40	166.44	168.28 (5/1)	147.82 (24/7)	172.18 (10/10/83)	4.40 (1/6/32)

	Aug. 30	Aug. 16	Aug. 8	year ago (approx)
Industrial div. yield	6.91	4.01	6.92	3.95
Industrial P/E ratio	11.86	11.59	11.46	14.39
Long Gov. Bond yield	19.64	12.66	12.60	11.86

N.Y.S.E. ALL COMMON

Aug. 31	Aug. 30	Aug. 29	Aug. 28	1984 High	1984 Low
95.86	96.81	96.05	96.14	97.71 (6/1)	86.13 (24/7)

Rises and Falls

	Aug. 31	Aug. 30	Aug. 29
Issues Traded	1,033	1,064	1,973
Rises	913	687	804
Falls	635	764	691
Unchanged	489	486	478
New Highs	24	12	31
New Lows	8	8	10

TORONTO	Aug. 31	Aug. 30	Aug. 29	Aug. 28	1984 High	1984 Low
Metals & Minerals	2018.1	2051.38	2050.81	2063.8	2524.4 (12/1)	1641.2 (26/7)
Composite	2388.6	2888	2602.51	2578.18	2585.7 (6/1)	9079.7 (24/7)
MONTREAL Portfolio	117.88	118.69	117.08	117.20	127.85 (18/1)	100.66 (24/7)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Ral. Purina	3,089,200	29¼	+⅛	Mobil	853,100	29⅝	—
Ohio Ed.	2,083,500	11⅞	—	Balt. Gas	852,300	34⅝	−⅛
Fin. Co. Am.	1,321,000	5⅝	−⅛	Carnation	782,000	75½	+1⅞
Exxon	904,300	43	−⅛	Hewlett - Pack.	712,000	39¼	+2⅛
Ramada Inns	856,400	7½	+⅛	Xerox	667,100	38½xd	−1

	Sept 3	Aug. 31	Aug. 30	Aug. 29	1984 High	1984 Low
AUSTRALIA All Ord. (1/1/80)	750.6	753.2	754.5	755.7	787.5 (9/1)	640.5 (16/6)
Metal & Minls. (1/1/80)	457.4	460.4	461.9	464.4	567.4 (5/1)	404.6 (24/7)
AUSTRIA Credit Aktien (2/1/62)	55.31	56.25	55.16	55.51	58.21 (2/1)	53.20 (15/6)
BELGIUM Belgian SE (31/12/63)	157.49	157.16	156.61	156.56	157.8 (24/8)	135.28 (4/1)
DENMARK Copenhagen SE (3/1/83)	184.53	186.11	188.65	186.9	225.21 (20/1)	179.27 (1/6)
FRANCE CAC General (31/12/82)	173.2	172.50	111.80	111.8	151.1 (5/5)	155.5 (3/1)
Ind Tendance (30/12/83)	111.9	111.60	110.15	119.7	118.5 (3/5)	88.4 (5/1)
GERMANY FAZ Aktien (31/12/58)	343.92	341.08	340.94	340.39	370.84 (2/2)	317.17 (25/7)
Commerzbank (1/12/53)	1000.2	991.99	987.20	988.4	1096.5 (2/2)	917.7 (25/7)
HONG KONG Hang Seng Bank (31/7/64)	939.42	926.78	922.77	897.85	1179.85 (15/3)	746.02 (13/7)
ITALY Banca Comm Ital. (1972)	216.65	220.83	221.52	220.8	228.51 (1/2)	192.66 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	10550.1	10584.20	10566.5	10579.9	11,190.11 (4/5)	9703.35 (23/7)
Tokyo SE New (4/1/68)	819.89	816.99	819.67	817.17	876.82 (2/4)	750.45 (4/1)
NETHERLANDS ANP-CBS General (1970)	166.5	164.8	164.5	165.8	178.8 (1/2)	148.8 (24/7)
ANP-CBS Indust (1970)	130.5	129.8	129.8	131.4	141.2 (1/2)	118.7 (10/6)
NORWAY Oslo SE (4/1/83)	268.24	264.16	263.59	265.28	296.70 (9/5)	221.67 (4/1)
SINGAPORE Straits Times (1966)	922.29	929.26	928.82	924.77	1071.91 (2)	867.28 (12/7)
SOUTH AFRICA Gold (1958)	(u)	—	992.5	994.2	1075.5 (5/5)	738.1 (24/1)
Industrial (1958)	(u)	—	u	963.2	1105.5 (26/5)	962.2 (7/8)
SPAIN Madrid SE (30/12/83)	138.59	138.48	138.55	137.66	141.86 (6/8)	151.02 (4/1)
SWEDEN Jacobson & P. (1/1/58)	1464.46	1475.37	1471.76	1491.52	1694.5 (5/7)	1,355.98 (25/6)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	379.3	379.4	380.1	379.9	389.5 (3/1)	354.9 (25/7)
WORLD Capital Intl. (1/1/70)	—	184.7	184.7	185.1	190.9 (3/5)	164.8 (24/7)

** Saturday August 25, Japan Nikkei-Dow 10,563.88. TSE 814.74.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Ex. 12pc 2013–17	£118	+⅜
Bibby (J.)	293xc	+66½
Brooke Bond	117	+ 7
Bunzl	308	+15
Collins (Wm.) A	490	+17
FAI Insurances	400	+40
Flight Refuel.	270	+12
Geers Gross	102	+10
H. Queensway	168	+ 8
Inchcape	385	+11
Insight	102	+ 4
Johnson Matthey	258	+15
Matthews (B.)	242	+ 7
Northern Foods	182	+ 4
Olives Paper	35	+ 5
Pauls	220	+12
Portals	570	+30
RHM	93	+ 5½
Strikes Rests.	86	+22
Tate & Lyle	382	+10
Tiger Oats	£20	+ 1⅛
Anvil Petroleum	78	+ 8
Berkeley Expln.	155	+10
Lasmo	335	+10

FALLS

Auto Products	58	− 7
Electro-Protect.	110	− 6
Nichols Vimto	255	−25
Polly Peck	225	−10

LONDON STOCK EXCHANGE

MARKET REPORT

Takeover speculation highlights opening session of new equity trading account

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10
Sept 3	Sept 13	Sept 14	Sept 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

Takeover speculation was the main pastime yesterday as London stock markets opened a new trading Account. Reflecting hopes of an expansion in investment activity now that the traditional spell of summer lethargy has passed, both Gilt-edged stocks and leading shares presented an underlying firm trend.

Unilever's week-end counter-offer for **Brooke Bond** aroused considerable speculative interest, as did talk that the original bidder, Tate and Lyle, would soon reply. It was not the only bid development, however, for South African industrial giant, **Barlow Rand** announced an approach to **J. Bibby**, the UK group in which it indirectly holds a sizeable stake. The Food sector naturally became lively with investors searching for other possible bid targets.

Industrial companies about to report trading results were often popular but those recently favoured by American investors were neglected ahead of the U.S. Labor Day holiday. General market sentiment was little affected by news of the fresh talks to resolve the longstanding pits' dispute or the expected TUC vote to give support to the miners' union.

Throughout the session the FT Industrial Ordinary share index displayed insignificant fluctuations in each direction, but it improved after the official close of business to settle a net 1.4 up, for a four-day advance of 22.7, at 855.1.

Government securities edged quietly forward with investors hoping for a favourable money supply trend; the statistics for banking August will be announced at 2.30 pm today. Slightly harder money market rates failed to dampen spirits and selected longer-dated Gilts settled ⅛ higher on the day. The shorts could manage only minor improvements, however.

CU below best

Commercial Union began the new Trading Account firmly, rising 3 to 188p, after 192½, as U.S. bid rumours resurfaced. Small demand ahead of tomorrow's interim results lifted **GRE** 5 to 600p. **Sedgwick** improved 3 to 302p among Lloyds Brokers awaiting Thursday's half-year figures. **C. E. Heath** put on 4 to 502p and **Willis Faber** gained 7 at 925p. Elsewhere, **FAI** jumped 40 to 400p in response to the sharp rise in annual profits.

The two newcomers to the Unlisted Securities Market made quiet debuts. **Rowland Gaunt**, the loss-making ladies clothing group, which was fully listed until being suspended in April, joined USM stocks after two paper acquisitions and a rights issue; the new fully-paid shares opened at 56p but drifted back to 52p, while the nil-paid began at 5p premium and closed at 2p premium. **Hoggett Bowers**, the executive search and selection group, started life at 49p and ended at the placing price level of 47p.

Fully-listed **H. Young Holdings** returned from suspension after the acquisition of Readygas and closed at 85p compared with the pre-suspension price of 83p.

Building issues experienced an extremely quiet trading session. Among the occasional modest improvements, favourable Press mention left **Tilbury** a couple of pence dearer at 112p. **Rugby** hardened a penny to 112p following news of the acquisition of Addison Corporation of the U.S., while **Wilson (Connolly)**, awaiting today's interim statement, rose 2 to 188p.

Chemicals were inclined harder. **ICI** edged up 4 to 618p and **Laporte** 5 to 335p, the last-named following Press mention. **Arrow**, in contrast, eased 2 to 56p after the interim statement. **R. H. Morley** were quoted ex rights at 48p with the new nil-paid shares at 4p premium.

Stores subdued

Leading Stores opened the new Account on a subdued note as recent demand slackened considerably. Only **British Home**, 2 up at 226p, and **Habitat Mothercare**, 4 better at 300p, displayed any real alteration. In contrast, sporadic support was evident among selected secondary issues. **Harris Queensway** were noteworthy for a gain of 8 at 168p, while **Our Price**, due to announce preliminary results next Monday, firmed 9 to 252p. **Moss Bros** returned to favour and rose 15 to 335p, after 340p.

Leading Electricals were rarely altered. **BICC**, awaiting tomorrow's interim figures, eased 3 to 227p. Press suggestions of a possible bid for the company left **Telephone Rentals** 3 to the good at 220p, after 223p. Weekend comment was also responsible for a rise of 1½ to 32½ in **Chloride**, but **Electro-Protective** eased 6 to 110p following the interim results. Late selling prompted a fall of 16 to 305p in **Lec Refrigeration**.

Interest in the Engineering sector centred chiefly on secondary issues. Among a list of stocks named as possible takeover candidates in the weekend Press, **APV** rose 9 to 273pxd, **Pegler Hattersley** 4 to 258p and **Martonair** 5 to 230p. **Mysen** featured a rise of 9 to 71p on the interim results and announcement that the company is to resume payment of Preference dividends and also intends to recommend an Ordinary dividend at the end of the year. Fresh speculative support lifted **Birmid-Qualcast** 2¼ further to 85½p.

Bid speculation revived strongly in the Food sector following Unilever's weekend counter bid for **Brooke Bond** and news of Barlow Rand's approach to **J. Bibby**. **Brooke Bond** touched a new high for the year of 118p before closing 7 higher at 117p following the Board's rejection of Unilever's cash offer of 114p per share. Meanwhile, original bidders, **Tate and Lyle**, jumped 10 to 382p, after 385p, as speculation mounted that Tate could be vulnerable to a bid if their attempt to acquire Brooke Bond fails. **J. Bibby** soared to 305p before finishing 66 higher at 293p xd on Barlow's approach; the latter improved 10 to 580p, while **Tiger Oats**, which holds a near-30 per cent stake in Bibby, advanced 1½ points to £20 in sympathy.

Elsewhere in the sector, any stock with a speculative flavour attracted renewed support. **Northern Foods**, particularly good of late on talk of a bid from Imps, closed a further 4 higher at 182p. **Chestnut RHM** advanced 5½ to 93p and **Associated Dairies** put on 4 to 176p. **Avana Hinton** gained 11 to 408p, while improvements of 6 and 7 respectively were recorded in **Meadow Farm**, 188p, and **Greggs**, 155p. By way of contrast, **J. N. Nichols (Vimto)** lost 25 to 255p following disappointing interim results.

Hotels were highlighted by a jump of 22 to 86p in USM-quoted **Strikes Restaurant** following news of a bid approach. **Comfort Hotels**, which holds a majority stake in Strikes, improved 1½ to 45p.

Johnson Matthey up

Leading Miscellaneous Industrials rarely strayed from previous closing levels. Late support, however, left **Bowater Industries** 6 firmer at 168p; the interim results are due next week. Elsewhere, **Johnson Matthey**, up 15 at 258p, met with buying and talk of a broker's favourable circular. Press mention lifted take-over favourite **Pauls** 12 to 220p, while **Reuters**, awaiting next week's interim figures, improved 9 to 254p. **Portals** were noteworthy for a rise of 30 to 570p in a limited market. **Burco Dean**, reflecting news that Dimplex Heating has acquired an 8.7 per cent stake, firmed 3 to 29p. Cautious week-end Press mention prompted a reaction of 10 to 225p in **Polly Peck**, but **Foseco** met occasional demand and put on 6 to 158p. A late speculative flurry of activity left **British Aerospace** 11 higher at 353p.

Leisure issues passed a quietly firm session. **Insight** rose 4 to 102p in response to the bumper interim profits. **Samuelson** added 5 to 375p and **Joseph Webb** put on 2½ to 24p.

Motor and Aircraft component manufacturers traded in irregular fashion. **Flight Refuelling** remained buoyant and rose 12 for a two-day gain of 25 to 270p on hopes of orders from this week's Farnborough Air Show. In sharp contrast, **Automotive Products** dipped 7 to 58p, after 57p, the increased first-half profits and doubled interim dividend being eclipsed by the company's warning on domestic profit margins. **Lucas** attracted late support to close 4 up at 186p with sentiment aided by the withdrawal of closure threats at Lucas Electrical's Birmingham plant following the workers' decision to accept new working practices. Elsewhere, Distributors remained selectively firm despite confirmation at the week-end of disappointing new car sales in August. **Kenning** advanced 8 to 104p, while **Lex Service** hardened a few pence to 350p. **Glanfield Lawrence**, the subject of a disputed offer from Gregory Securities, rose 1½ more to 53p.

Paper/Printings provided a host of noteworthy features. **Bunzl**, scheduled to reveal first-half figures next Thursday, advanced 15 to 308p, while gains of around 4 were recorded in **British Printing and Communication**, 191p, and **DRG**, 134p. **Wace** improved to a 1984 peak of 31p before settling only a couple of pence up on balance at 28p following the interim profits recovery; holders of Preference shares, in which there is little marketability, are to be offered the opportunity to exchange into ordinary shares. Following the announcement that non-executive director Mr A. S. Roscow has reduced his holding to 7.78 per cent, **Olives Paper Mill** attracted the persistent attention of a single buyer and spurted to 38p before closing a net 5 to the good at 35p. Advertising agency **Geers Gross** rose 10 to 102p in response to Press comment.

Publishers also made good progress. **William Collins** were outstanding, rising 25 to 565p, with the "A" shares 17 better at 490p in front of Thursday's half-timer. **Gordon and Gotch** closed 6 up at 113p on the sale of its 50 per cent interest in loss-making Hachette Gotch to Continental Publishers and Distributors.

The volume of business in Properties remained small. The leaders lacked support and drifted lower with **Land Securities** and **MEPC** both a penny or so easier at 295p and 320p respectively. Elsewhere, **Wares Estates** hardened a fraction to 22½p, after 23p, on Press comment, while **Estates Property** edged forward a penny to 166p ahead of tomorrow's annual figures.

Lasmo below best

Dealers reported a dreary trading session in Oils with the exception of **LASMO**. The latter jumped to 345p on continued bid speculation and widespread comment in the weekend Press, but later reacted to close a net 10 higher at 335p following an official denial of any bid approaches.

BP, due to announce second-quarter profits on Thursday, eased to 488p prior to closing 2 cheaper at 490p, while **Burmah Oil**, expected to report interim figures the following Thursday, moved up 5 to 191p.

Among the second-line issues, **Berkeley Exploration** jumped 10 to 155p amid speculation that Charterhouse Petroleum, which recently increased its stake in Berkeley to 18.5 per cent, may soon make a full bid.

Quiet mines

The absence of any American interest—U.S. markets were closed for the Labor Day holiday—coupled with a decline in both the Rand rate and the bullion price prompted another lack-lustre showing by the South African sectors of mining markets.

Golds did little more than drift easier throughout the session in the wake of small but persistent selling from Johannesburg and London. The Gold Mines index dipped a further 4.0 to 561.4.

Features among leading heavyweights were few, although **Randfontein** were an exception and rose almost £2 to £90½. **President Steyn** dipped ¾ to £34¾ but the majority of issues were left showing minor losses in the region of ¼.

The **Evander** mines in the Gencor group, scheduled to declare interim dividends on Thursday, were generally a few pence easier in extremely subdued trading.

Financials, both UK and South African, were similarly quiet. **Rio Tinto-Zinc**, expected to report interim figures towards the end of the month, hardened 4 to 588p and **Charter Consolidated** rose 3 to 248p. **Gold Fields** held at 510p; the preliminary results are due on September 18.

Among South Africans, **Gencor** dipped ¼ to £11⅜ and "**Amgold**," interim results due on Thursday, gave up ¾ at £75¾. **Rand London** were a firm market and put on 4 to 28p, after 29p, following good demand from Johannesburg.

The relative lack of excitement in the underlying securities led to a reduced demand in Traded Options. Contracts struck totalled 2,848—well short of last week's average of over 4,000. Nevertheless, **Lasmo** were still surrounded by takeover speculation and attracted 414 calls, the November 300's and 330's accounting for 145 and 138 trades respectively. **Lasmo** also recorded 231 puts. Elsewhere, **Imperial Group**, also the subject of bid talks, attracted 334 calls with 236 transacted in the November 160's.

FINANCIAL TIMES STOCK INDICES

	Sept. 3	Aug. 31	Aug 30	Aug. 29	Aug 28	Aug. 24	Year ago
Government Secs	78.84	79.76	79.75	78.78	79.66	78.76	79.53
Fixed Interest	82.93	86.21	83.21	83.23	83.21	83.36	82.18
Industrial Ord.	855.1	853.7	852.6	849.6	858.4	859.2	716.2
Gold Mines	561.4	566.4	569.4	564.0	561.0	570.9	682.3
Ord. Div. Yield	4.91	4.92	4.93	4.94	4.94	4.9[illegible]	4.74
Earnings, Yld.% (full)	11.28	11.29	11.31	11.35	11.37	[illegible]	[illegible]2.60
P/E Ratio (net) (*)	10.66	10.65	10.65	10.60	10.40	[illegible]	[illegible]13.02
Total bargains (Est.)	12,344	19,346	16,120	15,478	17,436	[illegible]	[illegible]005
Equity turnover £m.	—	867.80	872.36	204.19	131.12	[illegible]	[illegible]6.82
Equity bargains	—	18,683	17,498	13,820	16,067	[illegible]	[illegible]951
Shares traded (ml)	—	164.4	154.8	112.2	92.7	[illegible]	104.8

10 am 854.3. 11 am 853.9. Noon 853.9. 1 pm 853.5.
2 pm 853.7. 3 pm 853.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
* Nil=10.21.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (5/1)	75.78 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.6 (25/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 31	Aug. 30
Daily		
Gilt Edged Bargains	113.4	114.2
Equities Bargains	121.0	113.4
Value	541.5	650.5
5-day Average		
Gilt Edged Bargains	102.8	106.7
Equities Bargains	96.2	92.5
Value	486.3	408.5

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (68)

LOANS (1)
Inv in Ind 5½pcDb '81-84
AMERICANS (3)
American Nat. Resources; Quaker Oats; SCA Services
BUILDINGS (1)
Glossop
CHEMICALS (1)
Allied Colloids
STORES (1)
Menzies (J.)
ELECTRICALS (5)
CASE; Goring Kerr; Emess Lighting; Telephone Rentals; FKI Electricals
ENGINEERING (2)
Hall (Matthew); Lee (Arthur)
FOODS (6)
Brooke Bond; Meadow Farm; Dee Corp; Produce; Hinton (A.); Slasio; Matthews (B.)
HOTELS (1)
Strikes Restaurants
INDUSTRIALS (14)
Advance Services; Glaxo; BTR; Jourdan (T.); Bibby (J.); Morris (W.) Fine Arts; Brammer; Pentland Inds; Continental Group; Reckitt & Colman; Eastern Produce; Renwick; Ferguson Ind; Unilever N.V.
INSURANCE (5)
FAI Insurances; Sedgwick; GRE; Willis Faber; Heath (C. E.)
NEWSPAPERS (2)
Bristol Evening Post; Home Counties News
PAPER (2)
Beinl; Wace
PROPERTY (9)
Bradford Property; Moutview Ests; Daejan; Peel Hldgs; Grainger Trust; Rosehaugh; Hardanger Prop; Slough Ests; Laing Properties; Spc Cnv Uns '91/94
TEXTILES (1)
Dawson Int'l
TRUSTS (7)
Fulcrum Cap.; London Trust; Keystone Inv; Sec Alliance Trust; Law Debenture; London & Assoc Inv; London Prudential
OILS (4)
Berkeley Expln; Sceptre Resources; North Sea Resources; Tuskar Resources
OVERSEAS TRADERS (2)
Inchcape; Steel Bros
MINES (1)
McFinley Red Lake

NEW LOWS (17)

BANKS (1)
Cattle's
BREWERS (1)
Tomatin
ENGINEERING (1)
Richards (Leics)
INDUSTRIALS (6)
Delaney; Johnston Group; Hanover Inv; Reliance Ind; Hargreaves; Unibond
PROPERTY (1)
Cardiff Prop
OILS (4)
Bristol Oil & Minerals; Petrogen Petroleum; Ohio Resources; Weeks Australia
MINES (3)
Vlakfontein; Tunax Resources; Australis Mining

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Sept 3 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Fri Aug 31 Index No.	Thur Aug 30 Index No.	Wed Aug 29 Index No.	Tues Aug 28 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (204)	515.53	+0.2	9.86	3.80	12.71	514.68	513.06	510.50	501.29	460.75
2	Building Materials (23)	468.62	+0.3	13.62	5.11	9.06	467.05	463.51	460.25	454.97	421.49
3	Contracting, Construction (30)	680.05	−0.3	14.51	5.65	8.78	682.23	683.66	684.55	681.84	718.29
4	Electricals (14)	1576.31	−0.2	10.22	4.74	12.16	1578.94	1600.38	1599.92	1565.94	1705.56
5	Electronics (32)	1835.51	+0.1	7.99	2.24	15.87	1833.60	1833.03	1821.01	1786.64	0.0
6	Mechanical Engineering (62)	257.03	+0.7	11.22	4.78	10.87	255.34	254.39	252.06	246.93	200.28
8	Metals and Metal Forming (9)	192.16	+1.5	12.28	6.81	10.28	189.36	188.25	187.65	184.92	179.18
9	Motors (17)	125.66	+0.6	10.44	5.33	—	124.93	123.33	121.53	119.74	116.51
10	Other Industrial Materials (17)	701.22	−0.6	6.69	3.50	18.54	705.12	697.86	700.81	681.47	538.43
21	CONSUMER GROUP (193)	522.96	+0.4	10.73	4.30	11.48	521.09	518.11	515.71	510.57	434.99
22	Brewers and Distillers (23)	503.99	−0.1	12.97	5.02	9.43	504.64	505.97	505.72	503.28	458.06
25	Food Manufacturing (22)	407.90	+2.1	13.84	5.37	8.94	399.44	394.93	394.57	391.66	333.90
26	Food Retailing (12)	1247.36	+0.7	7.40	2.65	17.77	1238.47	1221.37	1216.99	1189.16	955.90
27	Health and Household Products (9)	892.32	+0.4	5.61	2.71	21.42	888.67	886.53	883.15	872.45	786.85
29	Leisure (23)	572.35	+0.1	9.46	5.36	13.77	571.65	573.93	577.58	573.51	580.85
32	Newspapers, Publishing (13)	1307.92	+0.9	8.15	4.18	15.38	1296.51	1295.24	1283.04	1278.96	974.73
33	Packaging and Paper (15)	249.15	−0.1	14.13	5.54	8.19	249.41	245.80	243.88	241.60	188.09
34	Stores (46)	450.08	—	9.53	3.97	13.94	449.86	446.05	439.77	436.32	389.35
35	Textiles (19)	274.21	+0.6	13.44	4.88	8.63	272.50	272.79	271.91	266.72	211.16
36	Tobaccos (3)	689.23	−0.7	16.46	5.29	6.86	694.21	688.04	694.70	677.62	420.78
39	Other Consumer (8)	459.52	−0.8	14.54	4.72	—	463.18	464.96	467.54	463.57	438.16
41	OTHER GROUPS (86)	468.78	+0.6	10.45	4.59	11.95	466.18	463.56	462.20	457.04	385.97
42	Chemicals (17)	615.95	+0.6	14.33	5.12	8.98	612.54	612.87	612.13	606.54	535.17
44	Office Equipment (4)	142.33	+1.4	8.04	5.39	14.11	140.90	139.90	139.69	138.07	109.81
45	Shipping and Transport (13)	867.07	−0.1	8.70	7.81	15.29	867.98	860.97	862.92	851.64	709.13
46	Miscellaneous (52)	657.58	+0.6	8.23	3.58	14.76	653.62	647.23	643.87	636.01	523.97
49	INDUSTRIAL GROUP (483)	518.11	+0.3	10.41	4.19	11.82	516.40	513.88	511.59	505.08	440.24
51	Oils (17)	1088.92	−0.1	13.71	6.37	9.06	1090.25	1094.36	1081.13	1077.68	1025.04
59	500 SHARE INDEX (500)	565.94	+0.3	10.95	4.55	11.33	564.49	562.54	559.31	553.08	489.35
61	FINANCIAL GROUP (119)	391.83	+0.1	—	5.70	—	391.48	390.97	389.87	386.54	330.62
62	Banks (6)	364.07	+0.2	23.60	8.53	5.29	363.22	363.94	365.83	361.35	344.17
63	Discount Houses (6)	427.31	−0.6	—	7.16	—	430.05	427.56	426.74	425.91	296.50
65	Insurance (Life) (9)	544.67	−0.2	—	4.92	—	545.66	551.15	554.31	549.36	482.71
66	Insurance (Composite) (8)	285.54	+0.3	—	6.44	—	284.55	283.67	281.15	279.95	222.96
67	Insurance (Brokers) (6)	867.24	+0.8	8.55	3.98	16.37	860.03	858.40	856.30	849.97	560.28
68	Merchant Banks (12)	215.60	+0.8	—	4.76	—	213.97	210.65	209.13	208.12	205.43
69	Property (53)	602.95	−0.1	5.38	3.56	25.11	603.42	599.75	592.55	585.42	452.97
70	Other Finance (29)	246.18	−0.7	11.65	5.64	10.45	247.94	247.14	247.01	246.77	239.81
71	Investment Trusts (104)	518.87	—	—	3.65	—	518.83	518.05	516.00	513.58	441.52
81	Mining Finance (4)	283.04	+0.5	9.93	5.30	12.95	281.63	278.64	275.73	276.95	325.46
91	Overseas Traders (14)	572.55	+0.6	10.11	6.76	12.25	569.17	565.28	565.52	563.67	490.68
99	ALL-SHARE INDEX (741)	521.63	+0.2	—	4.72	—	520.47	518.82	516.13	518.97	451.51
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE SHARE INDEX	1105.3	+1.4	1106.4	1105.2	—	1103.9	1101.9	1096.0	1082.3	

FIXED INTEREST

	PRICE INDICES	Mon Sept 3	Day's change %	Fri Aug 31	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	116.00	+0.08	115.91	—	7.61
2	5-15 years	126.96	+0.15	126.80	0.03	9.41
3	Over 15 years	134.99	+0.20	134.91	0.19	10.02
4	Irredeemables	145.28	+0.09	145.49	0.35	8.90
5	All stocks	126.06	+0.14	125.94	0.05	9.02
6	Debentures & Loans	106.34	+0.31	105.98	0.17	6.87
7	Preference	74.54	−0.97	76.37	1.09	4.87
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	101.10	−0.05	101.15	—	2.08

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sept 3	Fri Aug 31	Year ago (approx.)
	British Government				
1	Low	5 years	11.20	11.22	10.15
2	Coupons	15 years	10.68	10.70	10.59
3		25 years	10.23	10.25	10.21
4	Medium	5 years	11.90	11.92	11.82
5	Coupons	15 years	11.11	11.13	11.31
6		25 years	10.45	10.47	10.67
7	High	5 years	11.90	11.93	11.89
8	Coupons	15 years	11.28	11.30	11.51
9		25 years	10.55	10.57	10.75
10	Irredeemables †		10.17	10.18	10.10
11	Debs &	5 years	12.40	12.41	12.21
12	Loans	15 years	12.31	12.28	12.43
13		25 years	12.14	12.15	12.44
14	Preference †		13.21	13.05	12.93
15	Inflation rate	5%	3.79	3.79	3.21
16		10%	3.60	3.60	3.03

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 17,594

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§96	F.P.	31/8	110	103	✠Alphameric 5p	104	......	0.7	5.2	1.0	28.4
§76	F.P.	7/2	82	81	✠Blue Arrow	87	......	bg1.2	3.2	2.0	11.5
§52½	F.P.	13/8	86	65	✠Britannia Sec B 10p	80	......	u1.0	3.8	1.8	16.3
¶120	F.P.	23/9	126	123	✠Compsoft Hdge. 5p	123	......	g1.3	6.0	1.9	16.8
¶195	100	12/9	106	92	Enterprise Oil	103	+1	b7.0	5.2	5.4	9.4
58	F.P.	31/8	50	48	✠EntertainProdSer5p	48	......	b2.25	6.1	6.7	8.4
‖‖	F.P.	—	108	103	Euro.FerriEl.toEFGOrd	108	+1	3.8	2.1	5.0	11.5
‖‖	F.P.	—	119	104	„ Elected to EFC Prf	118	+5	5%	—	6.1	—
§105	F.P.	—	150	140	✠Extract Wool 50p	145	+5	bg3.875	2.2	3.8	17.0
‖‖	F.P.	—	32	30	F.&C. Pacific InvWrrts	32	......	—	—	—	—
‖‖	F.P.	31/8	100	83	Falcon Res. 20p	88	+8	—	—	—	—
§30	F.P.	—	56	61	✠Gaunt (Rowland)	52	......	—	—	—	7.4
150	F.P.	24/9	220	185	Great Western Res. ‖	210	......	—	—	—	—
§47	F.P.	—	49	47	✠Hoggett Bowers 5p	47	......	bg10	6.1	3.0	7.8
‖‖	F.P.	—	140	135	✠Ind. Scot. Energy £1	135	......	—	—	—	—
‖‖	F.P.	—	£14	£13	Inv. AB Seller 'A'SK.50	£13	......	7.0	b2.6	8.3	16.3
163	F.P.	29/9	191	170	Jaguar	180	......	b7.75	2.	5.1	7.5
¶¶	F.P.	—	48	27	MurrayVenturesWrrts	27	......	—	—	—	—
§214	F.P.	—	223	242	PWS Intnl. 10p	293	+1	2.0	6.7	4.4	10.9
132	F.P.	15/8	132	127	Sarasota Tech'gy 10p	130	+1	g1.2	4.1	2.1	16.8
§56	F.P.	18/5	58	56	✠Tinsley (Eliza) 5p	58	......	u2.89	2.4	7.1	6.6
¶¶	F.P.	—	95	85	Young (H)	85	......	—	—	—	✠

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
100	£30	4/1	33⅛	30⅞	Amer. Brands 13½% Un. Ln. 2009	32½	+¼
£22.00	£10	—	2½	9	BristolWaterworks 11¾%Red.Deb.2004	2½	+⅛
£100	£10	26/10	21	10½	Cambridge Water 13% Red. Deb. 2004	17½	.....
£25.071	F.P.	—	97¼	27	Edinburgh Inv. Tst. 11½% Deb 2014	27¼	+¼
99.151	£30	17/1	30⅜	29¾	Intl. Bk. for Recon. & Dev. 11⅝% Ln. 2003	29¾	...
£28.151	£26	28/11	29¾	28	Marley 11⅞% Deb. 2009	28¼	+½
—	F.P.	—	100⅞	22⅞	Nationwide 12¼% 5/8/83	100½	+⅛
—	F.P.	—	100	100	„ 11¼% 27/8/86	100	.....
—	F.P.	—	99⅛	22⅛	„ 11¼% 2/8/95	99⅛	.....
£100	£10	5/9	13½	10½	Portsmouth Water 13% Red. Deb. 1994	12⅝	.....
‖	F.P.	10/2	96	95	TR Energy 9% Cnv. Uns. Ln. '97-2001	96	.....
‖	Nil	14/9	65pm	35pm	Trans-Natal Coal 12.7% Uns. Cnv. Deb	50pm	−1
£100	£10	27/9	13½	10½	York Waterworks 16% Red.Deb. 1994	12¾	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
1133	F.P.	20/2	140	135¼	✠Applied Botanics Units	138	.....
A$3.7	Nil	81/9	80pm	45pm	ANZ A$1	70pm	−5
$.11	F.P.	21/9	16	11	Bluemel Bros.	13½	−½
85	F.P.	14/9	100	95	Falcon Res. 20p	88	+3
60	Nil	—	3pm	2pm	✠Gaunt (Rowland)	8pm	.....
835	F.P.	28/9	310	237	Hill Samuel	606	.....
110	Nil	26/2	36pm	30pm	✠Ind. Scotland Energy £1	28pm	−2
4	F.P.	14/9	4⅛	2½	LOFS Pfd. Ord. 1p	3	+½
40	Nil	—	4pm	4pm	Morley (R.H.) 10p	4pm	.....
200	Nil	7/11	290pm	257pm	NatWest Bank £1	270pm	.....
80	F.P.	28/9	118	105	Norton Opax 10p	118	.....
A84	A$2	7/9	300pm	162pm	Santos A0.25c	295pm	−3
370	F.P.	10/8	443	372	Thorn EMI	418	+5
122	F.P.	12/10	265	258	Unitech 10p	265	.....
375	F.P.	7/2	445	429	Waddington (J)	446	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. † Units comprising 8 Ord. £1 nom 12 per cent Cnv.Uns.Ln. 95/2000.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	64	5	32
Corpns. Dom. and Foreign Bonds	12	4	55
Industrials	400	188	829
Financial and Props.	123	60	344
Oils	36	15	69
Plantations	1	7	10
Mines	33	71	77
Others	76	26	144
Totals	752	380	1,560

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Automotive Prods	58	−7
Bibby (J)	293xd	+66½
BP	490	−2
Brooke Bond	117	+7
Commercial Union	188	+3
Electrocomponents	290	+10
Fleet Hldgs.	197xd	+2
Johnson Matthey	258	+15
LASMO	335	+10
Mysen	71	+9
Reckitt & Colman	537	+2
Strikes Restaurants	86	+22

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 10	Sept 21	Dec 6	Dec 17
Sept 24	Oct 5	Dec 20	Dec 31
Oct 8	Oct 19	Jan 3	Jan 14

For rate indications see end of Share Information Service.

Stocks favoured for the call included **Eglinton Oil and Gas, Bryson, Johnson and Firth Brown, Davy Corporation, Atlantic Resources, Commercial Union, C. H. Bailey, Premier Oil** and **Pleasurama**. A put was done in **Bristol Channel Ship Repairers**, and a double in **Eglinton**.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri close	Day's change
LASMO	26	325	+17
Bailey (C.H.)	22	23½	−1
Horizon Travel	21	180	+12
Polly Peck	19	235	+21
Tate & Lyle	18	372	−5
Brooke Bond	17	110	−1
Davy Corp.	16	80	−2
Ext. Wool New	16	140	—
Hansen Trust	19	238	+9
Reed Intl.	15	486	+9
Brit. Home Sts.	14	224	+6

LONDON TRADED OPTIONS

[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*339)	260	82	88	—	3	6	—
	280	62	70	—	4	9	—
	300	45	33	60	10	05	20
	350	24	38	40	22	29	36
	360	14	—	—	33	—	—
Lonrho (*160)	180	33	66	—	1½	2	—
	130	24	28	—	2	4	—
	140	17	20	81	5½	8	8
	160	6	8½	10½	13	15	17
P. & O. (*318)	260	64	—	—	2	—	—
	280	44	50	—	3	2	—
	300	28	33	32	8	11	14
	330	13	17	22	21	85	28
Racal (*244)	200	48	56	—	3	4	—
	220	30	38	46	5	9	10
	240	13	24	30	10	16	12
	260	6	10	—	22	26	—
R.T.Z. (*587)	500	80	104	—	5	10	—
	550	53	70	77	16	27	38
	600	30	47	50	35	60	57
	550	12	25	—	75	87	—
Vaal Reefs (*$105)	20	12½	88½	—	2¾	4½	—
	100	12½	15½	17½	6	8	9½
	110	6¼	2½	11½	10	12½	14½
	120	8½	6	—	17½	80	—
	130	2¼	3½	—	27	29	—

Option		Calls Sep.	Calls Dec.	Calls Mar.	Puts Sep.	Puts Dec.	Puts Mar.
Beecham (*331)	300	55	83	68	1½	4	6
	330	27	37	43	6	13	18
	360	5½	80	85	19	37	33
Bass (*578)	330	53	53	70	1	4	5
	560	27	36	47	5	11	16
	380	5	13	20	20	27	32
De Beers (*$5.80)	500	92	110	126	4	10	20
	550	44	67	85	18	37	40
	600	18	44	54	34	62	66
	650	8	25	34	76	96	100
	700	5	18	—	122	150	—
Guest Keen (*178)	140	41	41	47	2	3	4
	160	21	23	30	6	7	9
	180	7	12	17	9	13	19
	200	8	7	—	22	25	—
	220	1	2	—	42	45	—
Hanson (*855)	187	52	—	—	1	—	—
	200	41	44	48	6	5	7
	220	22	87	51	6	9	11
	240	6	10	15	13	17	21
Jaguar (*180)	160	82	29	35	2	4	5
	180	6	14	19	6	10	13
	200	1	5	9	23	29	28
Tesco (*191)	160	31	34	37	1½	4	5
	190	12	16	19	3	7	10
	200	3	7	11	14	17	20
FT-SE Index (*1105)	975	130	158	120	1½	5	12
	1000	105	107	108	3	10	25
	1025	80	88	90	5	16	27
	1050	55	70	83	10	25	38
	1075	34	55	63	15	33	48
	1100	20	36	43	27	45	62
	1125	9	23	—	40	65	—
	1150	3	10	—	59	75	—

Sep. 3. Total Contracts 2,848. Calls 2,208. Puts 640.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
105¾	101⅝	Treas. 15pc 1985	102	+1/32	14.71	10.34
102¾	100	Exch. 12pc £nw '85	100¾xd		11.90	10.46
95¾	93	Treas 3pc 1985	94⅞		3.16	10.62
102⅝	99½	Treas 11½pc 1985	100¾	+	11.41	10.49
99¼	96	Treas 8¾pc £m '85	98		8.90	10.58
104	99⅞	Exch. 12¼pc 1985	101⅛		12.08	10.90
103	99	Exch 11¼pc '86	100	+	11.66	11.09
102	96	Treas. 10pcCnv 1986	98	+	10.17	11.15
91	88¼	Treas 3pc 1986	90		3.11	9.00
102	96	Exch. 10½pc Cv '86	98		10.63	11.24
104	98	Treas 12pc 1986	100⅞		11.90	11.39
98¼	93	Treas 8¼pc 1984-86‡‡	95⅝	–	8.89	11.15
108	102	Exch. 14pc 1986	104½	+	13.40	11.53
87¼	85	Exch 2½pc 1986	86	+	2.88	9.27
107	100	Exch. 13¼pc 1987	103	+	12.83	11.56
100⅞	94½	Treas 10¼pcCv '87	97		10.56	11.63
86¼	83½	Exch 2½pc 1987	85¾		2.93	9.30
101	94½	Exch. 10½pc 1987	97xd	+	10.78	11.71
92	87	Funding 6½pc '85-87‡‡	89		7.10	11.39
99⅝	92⅞	Treas. 10pc 1987	95⅞		10.43	11.76
85	81	Treas 3pc 1987	83		3.59	9.66
105	97¼	Treas. 12pc 1987	100½	+¼	11.94	11.76
94⅞	87	Treas 7¾pc 1985-88‡‡	89		8.63	11.43
100¼	93	Exch 10½pc '88	96		10.94	11.85
98	89	Treas 9¾pc Cv '88	93	+	10.41	11.85
82	77	Transport 3pc '78-88	77¼	+	3.96	10.16
96	88	Treas 9½pc '88	92	+	10.31	11.92
106¼	94	Treas 11½pc 1989	98xd	+	11.62	11.79
95	87	Treas 9½pc £nw '89	92	+	10.28	11.96
96	90	Treas 10½pc 1989	95	+	11.03	11.83
100	88⅝	Exch. 10pc 1989	93	+	10.73	11.85
Five to Fifteen Years						
38	35	Exch 11pc 1989 (£35pd)	37		11.37	11.86
85¼	77½	Treas 5pc 1986-89	81¼	–¼	6.27	11.18
112¼	100⅛	Treas 13pc 1990‡‡	106⅛	+⅛	12.43	11.80
110⅞	101½	Exch. 12½pc 1990	102xd	+⅛	12.18	11.87
93¼	84⅞	Treas 8¼pc 1987-90‡‡	89¾	+⅛	9.38	11.13
98	90⅝	Treas. 10pcCv 1990	97⅞	+⅛	10.83	11.75
107	94⅞	Treas 11¾pc 1991	101¼	+¼	11.82	11.85
84¼	75⅝	Funding 5¾pc '87-91‡‡	78½xd		7.31	10.31
105¾	93⅞	Exch. 11pc 1991	100¼	+⅛	11.43	11.77
112⅝	98⅞	Treas 12¾pc 1992‡‡	106	+⅛	12.21	11.80
100⅝	86	Treas 10pc 1992	92¼	+⅛	10.89	11.64
30¼	30	Tr. 10½pcCv'92 £30pd●	30		11.04	11.47
111¼	95¼	Exch. 12¼pc '92	102⅛xd	+⅛	12.01	11.84
117½	106¼	Exch 13½pc 1992	107⅛xd		12.50	11.93

AMERICANS

CANADIANS

BANKS, HP & LEASING

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
		Central African					
280	145	Falcon 250c	150	+5	Q100c	ϕ	38.9
17	10	Wankie Col. Z$1	10	–2½	—	—	—
21	14	Zam Cpr. SBD0 24	16¼		—	—	—
		Australians					
45	23	♥ACM 50c	27		—	—	—
38	17	♥Alliance Explo'n NL	17		—	—	—
10½	4	♥Asia Oil & Minerals	4	–¼	—	—	—
19	13	[illegible]	19	[illegible]	—	—	—
28	17	♥Australis Mng NL	17	[illegible]	—	—	—
45	15	♥Balmoral Res	29		—	—	—
36	18	♥Black Hill Mins	22	–1	—	—	—
104	77	♥Bond Corp.	85		Q10c	[illegible]	[illegible]

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	84		Arnott	195	–1
Craig & Rose £1	800		CPI Hldgs	62xd	–1
Finlay Pkg. 5p	43		Carrol Inds.	112	
Higsons Brew.	83		Dublin Gas	68	
Holt (Jos) 25p	890		Hall (R. & H.)	52	+1
IoM Stm. £1	107		Heiton Hldgs	16½	–1½
IRISH			Irish Ropes	33	
Exch. 12% 1985	£98¼		Jacob (W. & R.)	62½	
Nat. 9¾% 84/89	£94¼		TMG	50	
Fin. 13% 97/02	£87⅛xd	+⅛	Unidare	78	

For Alliance Gas see Dublin Gas

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	15	Hawker Sidd	38	Vickers	14
BOC Grp	27	Hse of Fraser	36	Woolworth Hldg	50
BSR	26	ICI	42		
Babcock	17	'Imps'	12	**Property**	
Barclays Bank	45	ICL	7½	Brit Land	11
Beecham	32	Ladbroke	23	Cap Counties	16
Blue Circle	40	Legal & Gen	45	Land Secs	25
Boots	16	Lex Service	60	MEPC	25
Bowaters	25	Lloyds Bank	50	Peachey	17
Brit Aerospace	20	'Lofs'	3	Samuel Props	12
BAT	15	Lucas Inds	18	Sterling Guar.	4
Brown (J.)	3	'Mams'	14		
Burton Ord	22	Marks & Spcr	20	**Oils**	
Cadburys	11	Midland Bk	36	Brit. Oil & Min.	9
Comm Union	16	NEI	10	Brit Petroleum	35
Courtaulds	11	Nat West Bk	60	Burmah Oil	27
Debenhams	14	P & O Dfd	25	Charterhall	9
Distillers	22	Plessey	20	Premier	6
Dunlop	5	Racal Elect	28	Shell	55
FNFC	6¼	RHM	8	Tricentrol	20
Gen Accident	42	Rank Org Ord	24	Ultramar	68
Gen Electric	16	Reed Intnl	40		
Glaxo	70	Sears	8	**Mines**	
Grand Met	30	TI	22	Charter Cons	24
GUS 'A'	55	Tesco	16	Cons Gold	58
Guardian	50	Thorn EMI	66	Lonrho	12
GKN	20	Trust Houses	10	Rio T Zinc	60
Hanson Tst.	17	Turner Newall	10		
		Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 39

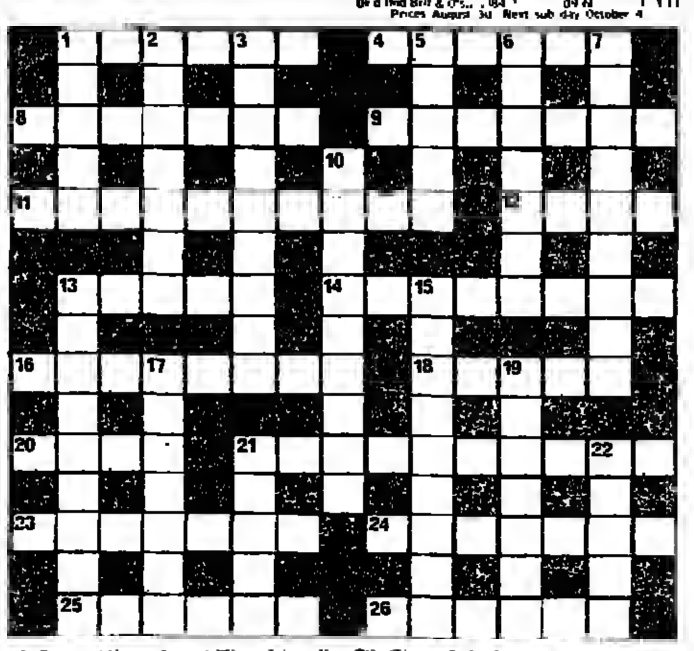
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,508



ACROSS

1 Coach shows outer decay — strapping needed (6)
4 Lie in wait for morning conveyance to Holyhead (6)
8 Mistrustfully watchful of Joe Saul, perhaps (7)
9 Scraper in Roman bath — equipment not quite without movement on the outside (7)
11 Magazine for the occasional-table? (10)
12 Stop at roundabout there in Scotland (4)
13 Oval's turned out such shots (5)
14 In future, kind letters to be light again (8)
16 Cigarets put out in the country (8)
18 Show poor bowling action—lose deliberately (5)
20 Cliff and Mark (4)
21 Hobo thrust out with minimum of luggage (10)
23 Treble up in Staffs? (7)
24 Done any prescription for a pain-killer? (7)
25 Adder season (6)
26 Female, dangerous and frolicsome (6)

DOWN

1 Partner to ruff? (5)
2 Delivery to No. 10 left in college (7)
3 Safe job in fiddle-making (5-4)
5 Tin, for example, for repast has tin-opener inside (5)
6 Opposition for "The Lion" but for "The Crown" (7)
7 I. Walther, a possible rightful successor to prize? (4-2-3)
10 Wores are 100 surprisingly—position this man in the field (9)
13 Wise to weaken account with promissory notes (9)
15 General pantryman (9)
17 One hears of a murder plot (3-4)
19 Red-rose pattern for altar tapestry (7)
21 Strained but could be perfect in the future (5)
22 Cheerful big star at New York (5)

Solution to Puzzle No. 5,507

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance
29, Clifton St, EC2A 4HX 01-920 0202

Multi Gwth 'A' Aug 6	[illegible]	[illegible]		
Op B Prop Aug 30	255.0	[illegible]		
Op B Equity Aug 30	414.1	[illegible]		
Op B My Aug 30	[illegible]	[illegible]		
Op B Man Aug 30	312.6	[illegible]		
Op B Dep Aug 30	195.7	[illegible]		11.72
Op B 00 Bond Aug 30	168.5	177.4		
Op B Int Dvst Aug 30	133.6	140.7		8.90
Op B Int Man Aug 30	182.8	[illegible]		
Op B ISS Aug 30	148.9	[illegible]		12.12
Pens B Sh Ac Aug 31	[illegible]	[illegible]		—
Pens B Eq Ac Aug 31	[illegible]	[illegible]		—
Pens B FI Ac Aug 31	174.4	[illegible]		—
Pens B Mgd Ac Aug 31	542.3	570.9		—
Pens B Dp Acc Aug 31	307.4	[illegible]		—
PensBGart Gilt Aug 31	98.7	103.9		—
Pens B Gart NA Aug 31	106.0	111.6		—
PensBGart Pac Aug 31	[illegible]	[illegible]		—

For Pensions Capital Units please ring extension 519

Britannia Funds—Series A

Am Smllr Co's Aug 29	131.1	138.0		—
Am Sper Sits Aug 29	149.4	157.1		—
Commodity Aug 29	78.4	[illegible]		—
Extra Inc Aug 24	112.6	118.6		—
Far East Aug 29	103.1	108.6		—
Fin Secs Aug 29	143.6	151.2		—
Gold & Gen Aug 29	87.6	92.2		—

National Provident Institution

Pension Fund Prices

Fixed Int. Initial	138.6	145.9	+0.3	—
Fixed Int.	150.1	158.0	+0.5	—
Indexed Gilt Initial	[illegible]	[illegible]		—
Indexed Gilt	100.0	105.3		—
Deposit Initial	110.1	115.9		—
Deposit	170.0	178.7	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	485.0	497.4		—

Prices Sept 3. Next dealing October 1

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	333.9	344.2		—
UK Equity	146.7	154.4	+0.1	—
American	248.3	261.7	−0.6	—
Pacific	343.0	361.0	−0.7	—
Property	150.4	158.1		—
Gilt	170.4	179.4		—
High Inc. Equity	140.3	147.7	+0.5	—
High Inc.–Fxd. Int.	103.6	109.1	+0.5	—
Deposit	147.0	154.7		—
Index-Linked Gilt	99.0	104.2	+0.3	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUIG (Managed Funds) Ltd.

Managed Fund	484.5	510.0	+0.9	—
Equity Fund	868.0	914.3	+1.0	—

Save & Prosper Group

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth

OFFSHORE AND OVERSEAS

Westavon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

Gilt & Double Fd	£1.10	1.15		3.00
US $ Option	$0.88	0.93		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$17.09		—

Inv. Adv. M & G. Inv. Mngt., Ltd., London

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com Fund	14.9	15.6		3.10
Chinese Fund	59.7	62.5		1.70
Precious Metal Fund	123.6	128.5		0.90
Vanguard Cmdy Fd.	26.2	26.9		2.26
Financial Futures Fd.	52.6	54.8		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		59.60		—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd	10.38	10.83	Qtrl	Call
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	10.69	11.05		Call
7 day Fnd	10.80	11.16		7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	10.74	11.02	6-mth	Call
7-day Fund	10.71	10.99	6-mth	7-day
Money Mngt. Acct	10.50	10.92	2-mth	Call
Dollar	10.56	10.83	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road EC1Y 2AY 01-638 6070				
Treasury Acc	10.175	10.78	Qtrl	Call
Monthly Acc	10.25	10.74	Mthl	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Cheque Acc	10.00	10.47	Mthl	Call
Barclays Prime Account PO Box 125 Northampton 0604 252891				
High Int. Cheque	10.00	10.38	Qtrl	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL 01-588 2777				
Cater Allen	10.375	10.88	Mthl	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH 01-248 3999				
Sterling	10.50	11.02	Mthl	Call
U.S. Dollar	11.00	11.57	Mthl	Call
German Marks	5.00	5.19	Mthl	Call
Swiss Francs	1.50	1.51	Mthl	Call
Japanese Yen	5.00	5.19	Mthl	Call
Choulartons 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW				

NOTES

COMMODITIES AND AGRICULTURE

Further talks on lamb trade dispute

By Andrew Gowers

FRENCH and British officials were due to hold another round of tlks in Paris yesterday on their lamb trade dispute, but there appeared to be little hope on either side of an imminent breakthrough.

An Agriculture Ministry spokesman in London described the planned meeting between veterinary officials as a follw-up to one held teo days ago, wheo France explained its newly-introduced controls on imports of British sheepmeat.

Since then M Michel Rocard, the French Agriculture Minister, has flatly rejected an appeal from Mr John McGregor, Britain's Minister of State, for suspension of the controls pending further talks.

France insists that its controls, which came into force three weeks ago, are necessary to keep out sheep and lamb carcasses contaminated with Lindane, a pesticide used in sheep dips.

Abattoirs sending consignments found with more than one part per million (ppm) of Lindane are being blacklisted by the French authorities. At least 10 British exporters are believed to have been affected so far, and most of them are withholding supplies from the French market in the knowledge that further shipments would be sent back.

Britain does not contest the legality of the French move as EEC rules do not contain a legal limit on Lindane contamination.

However, it has complained that France acted without consulting its EEC partners. London also maintained that the Lindane level set by Paris is lower than warranted by scientific evidence.

The European Commission, which is carrying out its own investigation of the French move, recommends a limit of 2 ppm.

Stocks rise accelerates aluminium price decline

BY JOHN EDWARDS, COMMODITIES EDITOR

THE DECLINE in aluminium prices accelerated on the London Metal Exchange yesterday as the market came under renewed selling pressure. Cash tropped by £26.5 to £799.5 a tonne, dipping below £800 for the first time since February 1983.

During the past 10 days the cash price has dropped by £55 and is over £400 down on the peak of £1,121 reached in January this year.

Traders said the market was unsettled by the rise in aluminium stocks held in LME warehouses and news that unions at Alcan's Quebec plants had reached a tentative agreement on the terms of new labour contracts.

Speculative selling was also encouraged by the market breaching support levels on charts, triggering off stop-loss sales. This technical pressure on the market reflects general concern about aluminium's fundamental supply-demand situation.

Lead prices fell sharply as well on the LME following the very small decline in warehouse stocks and the general easier trend in other metals. Stocks are at the lowest level since September 1981, but a steeper fall had been anticipated in view of continuing strikes on the Missouri lead belt and demand from battery makers picking up prior to the winter.

A bigger than expected fall in stocks held up zinc values. Yesterday saw the introduction of a high grade zinc contract on the exchange, running alongside the standard grade contract, in a similar manner to the copper and tin market.

Copper was also sustained by warehouse stocks declining more than generally forecast, but prices eased in the afternoon in very quiet trading conditions with the New York market closed for the Labor Day holiday.

Reuter reported from Santiago that minsters from the inter-governmental Council of Copper Exporting Countries (Cipec) began their annual meeting with warnings that protectionist measures in the U.S. would cause serious problems for heavily-indebted Third World producers.

Mr Augusto Pinochet, the Chilean president, inaugurating the meeting, told delegates, that depressed copper prices and President Reagan's pending decision on a petition from U.S. copper producers for protection from imports would be themes for debate.

Mr Juan Inchaustegui, the Peruvian Mining Minister, said he was confident President Reagan would reject the International Trade Commission's recommendation for quotas or tariffs on copper imports, and that Cipec would probably not discuss possible retaliatory measures at this meeting.

STOCKS IN LONDON METAL EXCHANGE WAREHOUSE
(Changes in week ending Aug. 31)

Aluminium	+6,500	to 142,800
Copper	−7,550	to 162,000
Lead	−250	to 56,200
Nickel	−600	to 19,688
Tin	+165	to 19,668
Zinc	−3,800	to 46,275
	(tonnes)	
Silver	−70,000	to 50,650,000
	(ounces)	

Coffee export quotas raised again

BY RICHARD MOONEY

CONTINUING HIGH prices on the world market have resulted in a further increase in coffee export quotas for the current season under the International Coffee Agreement.

The International Coffee Organisation (ICO), which administers the agreement, announced yesterday that the global export quota for the 1983-84 (October-September) season had been increased by 1m bags (60 kilos each) as a result of Friday's rise in the ICO 15-day agerage indicator price above the 145 cents a pound trigger level. The indicator was calculated at 145.03 cents a pound.

The quota total for 1983-84 was originally set at 56.2m bags but rising prices have since triggered four 1m-bag increases.

Traders had been expecting the rise to run out of steam as the market appeared to be becoming "overbought" and the possibility of a further quota increase was thought likely to discourage speculative buying.

However, the unexpected frost which struck the Brazilian crop at the end of last month gave prices a boost, ensuring that the trigger level would be breached.

Most of the market effect of the increase had already been discounted by traders but there was still a fall on the London futures market in early dealings. By the close the November position was quoted at £2,424.50 a tonne, down £24 from Friday's level.

Dealers said activity was subdued in the absence of any other fresh fundamental news and because of the Labor Day holiday in the U.S.

Philippine coconut area hit by typhoon

TYPHOON Ike, which hit Surigao del Norte province in the Southern Mindanao island of the Philippines a leading coconut growing area, on Saturday night, felled or uprooted most of the trees, according to the first eye witness accounts from the area.

Mr Rolando Geotina, the governor, said the destruction to the coconut trees had "destroyed the lifeline of the people . . . it will be years before they recover." But there were no clear details of the extent of the damage.

Typhoon damage to sugar cane in Negros Island, the main sugar-producing area in the central Philippines, is limited to about 3 per cent of the expected crop, Mr Eduardo Gamboa, regional general manager of the Philippine Sugar Commission said.

Only cane fields on high ground and near river banks had been damaged.

● EXPORTS of hand picked and selected groundnuts from the western state of Gujarat in India are targetted to rise to about 40,000 tonnes in 1984-85 starting November from 28,000 in the present year.

Mr M. C. Shukla, marketing manager of the state export corporation said that Gujarat, which accounts for 90 per cent and 30 per cent of India's exports and production of groundnuts respectively is likely to produce 2.5m tonnes of nuts in 1984-85, up from 1.7m in 1983-84.

● TRADE demand is not expected to improve significantly in the Australian wool market this week, the Australian Council of Wool Buyers said.

In its weekly market preview, the council said a key factor in the strength of the market this week will be demand from Japan, the biggest buyer of Australian wool.

Irish skippers find themselves trapped in a cost-price net

Brendan Keenan on the problems facing one of Europe's richest fishing areas

IRELAND'S fishermen are in trouble. Along the coast, in ports like Killybegs and Burtonport, adjoining some of Europe's richest fishing grounds, skippers find themselves deeper in debt and boats are being laid up or repossessed.

The whole European industry has had a tough time in the past five years or more, but the Irish feel their problems are the most acute. They have only a tiny home market and must export most of the catch to distant countries, their boats are small and limited in their types of catching, and they have th ehighest interest and fuel charges of any EEC fleet.

These factors have produced a situation which Mr Frank Doyle, secretary of the Irish Fishermen's Organisation, calls a crisis which could break the industry unless urgent action is taken. He says Irish skippers owe I£6m (£4.9m) in arrears to the fishing board, BIM, on the 432 boats it provides, which make up most of the fleet. Sixty per cent of the arrears have been outstanding for more than six months.

It seems a strange situation for a country with the second largest sea area in the Community. Ireland has always failed to exploit the potential of its fishing grounds, but there were high hopes that the I£66m invested in the industry in the last eight years would change that. Now several more millions may have to be spent just to save the fleet.

Fishermen have been caught in a cost-price squeeze which saw the price of fish fall by half in real terms since 1979, and the price of fuel rise by a third. Irish boats, which on average are less than 90 ft long, were designed to catch herring close to shore, but the herring stocks were over-fished and severe restriction imposed. The larger boats switched to mackerel and developed a successful market in Nigeria, but this has collapsed because of Nigeria's foreign currency difficulties.

Few Irish boats are equipped to sail into the distant grounds and look for new species. Exploration is expensive in fuel and time and the boats do not hold enough to make it worthwhile. "The fisherman is in a trap," says Mr Frank Doyle. "If he doesn't work he's accused of not trying and if he does work he gets deeper into debt."

The fishermen have an elaborate, and expensive scheme which they have put to the Government. They argue that, when a boat is repossessed and resold, BIM has to write down the value on its books, so why not write them down now to their actual market price and ease the skippers' burden? They also want interest subsidies, longer repayment periods and existing arrears written off.

A hard-pressed Exchequer is unlikely to concede all that, but the Government has shown its concern by appointing a former chairman of the fishermen's organisation, Mr Joey Murrin, as chairman of BIM. He has promised an urgent review of the industry's problems and the board will make its own recommendations to the Government.

Behind the immediate crisis lie longer-term problems. The Irish fleet is so different from other, long-distance EEC fleets that it does not qualify for some of the Community aid available under the Common Fisheries Policy, for example, on boats over 90 ft, processing and marketing are still behind European levels and harbours are relatively primitive.

A sectoral committee has produced a report on medium- and long-term policy, something which htas been lacking in the past. This is being studied by the Government. It may be necessary to modify some of the existing fleet, particularly boats between 30 ft and 90 ft, and develop new marketing strategies. Beyond that is the problem of Spanish entry into the Community and further pressure on fishing stocks.

Even Mr Frank Doyle admits Irish fishermen can be an awkward bunch of individualists. With the problems they face, they will have to learn to sail together if the obvious, but elusive dream of a successful fishing industry is to be realised.

e Mr Mike Gowen, fechiexcu

● Mr Mike Gowen, chief executive of the Yorkshire Coast Fish Producers' Organisation, said yesterday that Scarborough's attempts to revive its herring fishing industry after a 12-year ban have failed.

The port was designated as the only hering landing port between the Humber and the Tyne following the lifting of the herring catching ban introduced to improva stocks.

However, in spite of the season being three weeks old, no herring boats hava yet landed in Sarborough.

Mr Gowen said: "There is obviously no market in Scarborough for herring. There are no boats here with the expertise for herring fishing, which requires different nets and techniques. You simply cannot expect fishermen to pick up where they left off 12 years ago."

India puts limit on tea exports for rest of '84

CALCUTTA — India has imposed limits on tea exports for the remainder of 1984, Mr Jagdish Khattar, the tea board chairman, said, reports Reuter.

The limits were designed to restrict exports to 215m kilos, which was the target set for the current year, he said.

Export licences for 162m kilos had been issued so far and a large number of applications were pending with the tea board, he added.

Mr Khattar said the Government had fixed a quota for exports for the remaining months of the year and would watch the market trend before taking possible further measures, such as a levy o ntea production and an export duty on tea.

Because of remunerative prices on the international tea market, exports were growing at such a rate that the quantity would far exceed the target for the current year.

Khattar hoped that with the fixing of an export ceiling, the trend in domestic tea prices for the remainder of the year would turn downwards.

India exported 150m kilos of tea up to the end of August compared with 103m in the same 1983 period, according to *the Commerce Ministry.*

The latest development occurred less than a week after Mr Nihar Ranjan Laskar, Commerce Minister, said the Government would be forced to intervene if prices on the domestic tea market continued to rise.

Domestic tea prices rose by about 35 per cent to an average 28.61 rupees a kilo during January/July this year compared with 21 rupees in the same period last year.

India banned exports of the CTC (cut, torn and curled) variety of tea for 4½ months early this year to check rising domestic prices and conserve stocks.

THE U.S. markets were closed yesterday for the Labor Day holiday.

Our Commodities Editor writes: Tea prices moved up strongly at the London weekly auctions yesterday. The indicative average price for quality teas rose by 15p to 295p a kilo, while medium and low medium teas were 4p higher at 250p and 218p respectively.

News that India is restricting exports to last year's levels, and the possibility of further curbs later this year if domestic prices continue to rise, are believed to have stimulated some buying interest.

Production in Kenya, the main alternative source of supply for Britain after India and Sri Lanka, has been held back by the drought this year *so it is unlikely* to be able to fill any shortfall in supplies from India.

Brokers anticipate that there could be further upward pressure on prices as consumers seek to cover their requirements just in case there is a renewed shortage later this year.

Boost for Australian wheat

MELBOURNE — Australian wheat forecasters PTY has raised its estimate of the 1984-1985 Australian wheat crop to 17m tonnes from 16.5m a month ago, compared with the record 1983-84 crop of 22.06m tonnes.

This exceeds the estimate of 16.8m tonnes made last week by the Australian Wheat Board, which compared with a forecast of 15.5m to 16m made two weeks previously.

The upward revised forecast from AWF, a private forecaster, is based on a slightly higher area estimate of 11.2m hectares compared with 11m previously and 13m in 1983-84.

AWF said August was a very good month for the Australian wheat crop, but added its estimates did not include provisions for disease and pest damage.

Given ideal conditions the output from earlier sown crops in the four eastern states would add a combined 2m to 3m tonnes to the national estimate, it added.

Maturing of late sown crops in New South Wales and Victoria through late rains could also add another 200,000 tonnes to the estimates of both New South Wales (4.7m tonnes) and Victoria (2.4m tonnes).

Crops in tha largest producing state, Western Australia, have done well with useful rains falling in the northern areas where they ripen first, the AWF said.

This area, and the main grain areas north of the trans-Australia rail line, were on target for record wheat production.

AWF's state forecasts—with last month's estimate and 1983-1984 output respectively in brackets—are: Western Australia 7m tonnes (7 and 4.32m); New South Wales 4.7m (4.6 and 8.96m); Victoria 2.4m (2.2 and 3.99m); South Australia 1.6m (1.4 and 2.84m); and Queensland 1.3 (1.3 and 1.95m). Reuter

Action on nitrates urged

BY JOHN WICKS IN ZURICH

EUROPEAN FARMERS have called for every effort to be made towards the reduction of nitrate content in drinking water and foodstuffs.

The environmental committee of the Swiss-based farming body, Confederation Européene de l'Agriculture, says that increased concentrations of nitrate are a phenomenon common to several European countries.

The committee stresses that nitrate, though harmless in itself, can be the basis for harmful nitrite, which in its turn combines with amines to form carcigenic nitrosamines.

The CEA says that in most countries farming was seen as partly responsible for the rise in nitrate concentration, particularly in areas with large cattle density and surplus manure.

Since the 'nitrate spectre' in the media served only to scare consumers and lead to uncertainty among producers, the farmers' body has issued a three-point demand. This comprises an intensive study of the complex nitrate problem, objective consumer information on the health risks posed by nitrate-rich foodstuffs, and practical information for farmers on ways to cut nitrate production in arable and pastoral farming.

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 3 1984	+ or −	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1100/1140	−5	$1175/205
Copper			
Cash h Grade	£1037.5	−5	£1013.5
3 mths	£1057.25	−2	£1033.25
Cash Cathode	£1048	−4	£1016
3 mths	£1058	−3	£1033
Gold troy oz	$344.5	−3.5	$356.25
Lead Cash	£331	−13.25	£363
3 mths	£339.5	−11.25	£360.25
Nickel	£5208	....	£5202
Free Mkt	211/231c	....	208/228c
Palladium oz	$138.00	....	$139.00
Platinum oz	$336.75	−2.75	$337.50
Quick Silver†	$300/310	....	$300/310
Silver troy oz	560.75p	−7.55	580.05p
3 mths	579.15p	−6.75	596.15p
Tin cash	£9368.8	+52	£9605
3 mths	£9871.3	+21	£9428.5
Tungsten	$85.49	....	$89.33
Wolfram 22 04lb	$81/84	....	$76/80
Zinc	£609.5	−3	£636
3 mths	£609.5	−9	£638
Producers	$990	....	$990

	Sept. 3 1984	+ or −	Month ago
Oils			
Coconut (Phil)	$1020v	−70	$1350
Groundnut	‡	....	$1000
Linseed Crude	‡	....	‡
Palm Malayan	$680w	+10	$670
Seeds			
Copra Phil	600v	....	$740
Soyabean (U.S.)	$297	....	$253.5
Grains			
Barley Fut. Nov.	£108.50	−0.25	£109.50
Maize	‡	....	£148.50
Wheat Fut. Nov.	£107.60	−0.25	£110.00
No2 Hard Wint.	‡	....	‡
Other commodities			
Cocoa ship't*	£1876.0	+1.5	£1997
Futures Dec.	£1869.5	−8	£1679
Coffee Ft. Nov.	£2424.5	−24	£2248
Cotton A index	74.25c	....	77.75c
Gas Oil Oct.	$233.75	−2.25	$228.75
Rubber (kilo)	63.5p	+0.5	66.5p
Sugar (raw)	$122v	−1	£84.5
Woolt'ps 64s	466p kilo	....	484p kilo

‡ Unquoted. w Oct. v Sept-Oct. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.85-27.95	−0.05
Dubai Fateh	27.40-27.50	—
Arab Heavy	26.95-27.05	—
North Sea (Forties)	27.80-27.90	−0.15
North Sea (Brent)	27.75-28.69	−0.02
African (Bonny Lt'ht)	27.50	—
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	265-270	−1
Gas Oil	232-236	−9
Heavy fuel oil	176-179	−1

GAS OIL FUTURES

After trading higher briefly on the opening, the gas oil market drifted lower during the morning to reflect easier physicals. Prices stayed in a narrow range for most of the day until renewed trade selling pushed the market to the lows, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Sept.	230.25	−1.75	231.75-30.25
Oct.	233.75	−2.25	235.75-33.75
Nov.	236.75	−2.75	240.25-36.75
Dec.	243.00	−3.25	245.50-40.00
Jan.	241.00	−3.00	244.50-40.75
Feb.	239.50	−3.00	242.00-41.00
March	240.00	+9.00	240.00
April	235.00	−1.50	—

Turnover: 1,482 lots of 100 tonnes.

GOLD MARKETS

Gold fell $3¾ an ounce from Friday's close in the London bullion market yesterday to finish at $344¼-$344¾. The metal opened at $346½-$347 which proved to be the day's high and touched a low the same as the closing level. The weaker trend reflected the dollar's overall strength.

In Paris the 12½ kilo bar was fixed at FFr 99,400 per kilo ($346.86 per ounce) in the afternoon compared with FFr 99,200 ($347.02) in the morning and FFr 99,350 ($348.65) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,430 per kilo ($347.68 per ounce) against DM 347.68 ($348.56) and closed at $344¼-$344¾ from $347½-$348½.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $348.00 from $348.60.

In Zurich gold closed at $344¼-$344¾ from $347½-$348½.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Sept.	—		—
Oct.	—	—	—
Dec.	353.50-54.20	−4.20	356.80-54.40
Feb.	—	—	—
April	—	—	—
June	—	—	—
Aug.	—	—	—

Turnover: 121 (26) lots of 100 troy ounces.

	Sept. 3		Aug. 31	
Gold Bullion (fine ounce)				
Close	$344¼-344¾	(£264¼-264¾)	$347½-348½	(£265-265½)
Opening	$346½-347	(£265-265½)	$347-348¼	(£265¼-265¾)
Morning fixing	$346.20	(£264.891)	$347.70	(£266.116)
Afternoon fixing	$344.50	(£264.349)	$346.25	(£265.637)

Gold and Platinum Coins Sept. 3					
Krugrnd	$355¾-356¼	(£273-273½)	King Sov	$82-83½	(£66-64)
½ Krug.	$183½-184½	(£161-161½)	Victoria Sov	$82-83½	(£69-64)
¼ Krug.	$94¾-99¼	(£79¾-75)	French 20s	$69-67½	(£50½-61¾)
1/10 Krug.	$39-40	(£30-30¼)	50 Pesos Mex	$429-431	(£329¾-331)
Mapleleaf	$356-357	(£275¼-274)	100 Cor. Aust	$338-341	(£299½-261¼)
New Sov.	$81¼-81¾	(£65½-62¼)	$20 Eagles	$520-560	(£399¼-429¼)
½ New Sov.	$48¾-50¼	(£37½-39)	Noble (Plat.)	$347-331¼	(£266½-269½)

EUROPEAN MARKETS

ROTTERDAM, Sept 3.

Wheat—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter: Sept 154, Oct 156, Nov 158.50, Dec 160. U.S. No. 2 Northern Spring, 14 per cent protein: Aug 176, Oct 172, Nov 174.50, Dec 178. U.S. Northern Spring, 15 per cent protein: Sept 189, Oct 192, Nov 195. U.S. No. 3 Hard Amber Durum: Aug 20/Sept 10 194, Oct 193, Nov 196, mid-Nov/mid-Dec 199, April/May 205. Canadian No. 1 Western Amber Durum: Oct 211, Nov 213, Nov/Dec 213.

Maize—(U.S. $ per tonne) U.S. No. 3 Yellow: Afloat 156, Oct 136, Dec 136, Sept 147.50, Nov 135.50, Jan/March 133, sellers. Argentine, Plate: Sept 20/Oct 20 166, April/June 153, sellers.

Soyameal—(U.S. $ per tonne), 44 per cent: Oct 173.50, Oct/Dec 175.50 Nov/March 178.50, sellers. Pellets, Brazil: Afloat 164, Sept 167, Oct 177, Oct/Dec 183.50, Nov/March 197 sellers. Brazil: Afloat 156.50, sellers. Pellets, Argentine: Afloat 158, Sept 191, Oct 165.50, Nov 178, Dec 170, sellers.

PARIS, September 3.

Sugar—(FFr per tonne): Oct 1435-1440, Dec 1450-1460, March 1515-1525, May 1550-1555, Aug 1590-1605, Oc 1635-1675.

Cocoa — (FFr per 100 kg): Sept 2280-2290, Dec 2170-2175, March 2111-2114, May 2120 bid, July 2125 bid, Sept 2130 bid, Dec 2140 bid.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES gave ground on the London Metal Exchange owing to a general lack of interest. COPPER fell to a low of £1057 before closing at £1059.5 while ZINC dropped from £618 to £610.5. An initial decline in LEAD triggered persistent stop-loss selling and forward metal retreated to close the late kerb at £338. ALUMINIUM was particularly unsettled by chartist selling pressure and fell sharply from £845 to £828 prior to closing at £824.75. Currency considerations boosted TIN to £9265.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1041.5-42	+2.25	1037-8	−5
3 months	1059.5-60.5	+3.5	1057-.3	−2
Settlem't	1042	+2	—	—
Cathodes				
Cash	1051-2	+3	1047-8	−4
3 months	1056-7	−5.9	1057-9	−3
Settlem't	1049	−5	—	—

Amalgamated Metal Trading reported that in the morning Three Months Higher Grade traded at £1062, 63, cash £1041.5, 42, three months £1061.5, 61, 60.5, 60, 60.5. Cathodes: Cash £1051, three months £1061. Kerb: Higher Grade: Three months £1059, 58. Afternoon: Higher Grade: Three months £1060, 59.5, 59, £1059, 58, 57.5. Kerb: Higher Grade: Three months £1058, 58.5, 58. Turnover: 38,300 tonnes. U.S. Producers: 65.00-69.00 cents per pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	9330-5	−1.5	9350-5	+36
3 months	9285-90	+7	9290-300	+35
Settlem't	9335	—	—	—
Standard				
Cash	9990-5	+3	9650-9	+38
3 months	9266-8	+26.5	9970-2	+21
Settlem't	9335	+4	—	—
Straits E.	$59.15	.....	—	—

Tin—Morning: Standard: Three months £9260, 65, cash £9330, 35, three months £9270, 65, 66. Higher Grade: Cash £9330. Kerb: Standard: Three months £9265. Afternoon: Standard: Three months £9272, £9270. Kerb: Standard: Three months £9270, 65. Turnover: 2,213 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	335.5-6	−7	330.5-331.5	−13.25
3 months	344.5-5.5	−5.625	369-40	−11.25
Settlem't	336	−7	—	—

Lead—Morning: Three months £348, 47, 46.5, 47, cash £36, 35, 35.5, three months £347, 48, 47, 46.5, 46, 45. Kerb: Three months £344, 43, 41, 42. Afternoon: Three months £342, 41, 40.5, 41, £340, 40.5, 40. Kerb: Three months £339.5, 40, 39.5, 39, 38. Turnover: 14,875 tonnes. U.S. Spot: 28.00-32.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	610-1	−2.75	609-10	−3
3 months	610-11	−7.25	609-10	−9
Settlem't	611	−3.5	—	—

Zinc—HIGH GRADE OFFICIAL/UNOFFICIAL PRICES: Cash am £680-90, pm £670-80; three months am £660-70, pm £660-70; settlement £690.

Morning: Three months £611, £610, 1. Kerb: Standard: Three months £610, 09, 08. Afternoon: Three months £609, £609, 10. Kerb: Higher Grade: Three months £610. Turnover: 13,400 tonnes. U.S. Prime Western: 48.50-50.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	802.5-3.5	−19.5	799-800	−26.5
3 months	826-6	−29t	829.5-3	−25.5

Aluminium—Morning: Three months £829, 28, 28.5, 28, 29, £828, 28, 27, 26.5, 28. Kerb: Three months £825, 23, 21, 22. Afternoon: Three months £822, 22.5, 23, 22.5, 22, £821, 22, 23, 22.5. Kerb: Three months £82, 22.5, 23, 24, 24.5, 25, 24.5. Turnover: 24,700 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3580-90	+2.5	3603-8	+20.5
3 months	3680-82	+10	3699-370	+21.5

Nickel—Morning: Three months £3690, £3683, 87, 82, 80, 82. Afternoon: Three months £3695, £3690, 95, 98, 3700. Kerb: Three months £3700, 05, 3700. Turnover: 774 tonnes.

SILVER

Silver was fixed 7.55p an ounce lower for spot delivery in the London bullion market yesterday to finish at 560.75p. U.S. cent equivalents of the fixing levels were: spot 751.5c, down 13c; three-month 752.9c, down 11.8c; six-month 775.3c, down 12.2c; and 12-month 824.2c, down 13.7c. The metal opened at 565½-568½p (740-743c) and closed at 560-563p (730-773c).

SILVER per troy	Bullion fixing price	+ or −	L.M.E. p.m. Unofficial	+ or −
Spot	560.75p	−7.55	561.5p	−8.25
6 months	575.15p	−6.75	576.5p	−7.45
5 months	589.70p	−8.55	—	—
12 months	620.65p	−7.45	—	—

LME (2,000 oz contract)—Cash 561.5p (569.75p); three months 576.5p (583.75p). Turnover: 0 (1).

Turnover: 90 (56) lots of 10,000 ozs. Morning: Large 1st ring three months 575; 2nd ring three months 577. Kerb: large three months 577. Afternoon: large 1st ring three months 579.5; 2nd ring three months 582, 80, 78, 77. Kerb: large three months 575, 76, 75.

COCOA

Futures traded indifferently throughout a dull day and closed in the middle of a £25 range. Physical activity was also muted with both producers and consumers withdrawn and only limited secondhand interest to be seen, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept.	2088-90	+2.5	2100-73
Dec.	1895-66	−9.0	1873-58
March	1801-04	−8.5	1811-99
May	1803-07	−8.0	1807-05
July	1806-12	−8.0	1816
Sept.	1911-18	−7.5	1921
Dec.	1991-81	−1.5	1830

Sales: 1,225 (3,834) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily prices for August 31: 108.97 (108.61); five-day average for September 3: 100.24 (105.38).

COFFEE

During a quiet opening trade selling created losses of as much as £33 in anticipation of a 1m bag quota release and against a weak New York close, reports Drexel Burnham Lambert. The confirmation of a release put values under pressure briefly but strong buying around the recent lows encouraged a steady rise with lower sterling offering support. Interest was pampered by the U.S. holiday. Prices drifted lower again towards the close as buying gradually evaporated and light dealer liquidation depressed values.

COFFEE	Yesterday's Close	+ or −	Business Done
Sept.	2396-95	−89.5	2407-90
Nov.	2424-26	−24.0	2440-16
January	2341-49	−39.5	2399-40
March	2197-00	−31.5	2210-93
May	2164-65	−16.0	2165-50
July	2165-40	−10.0	2139-90
Sept.	2105-10	+8.5	2120-10

Sales: 2,088 (3,086) lots of 15 tonnes. ICO indicator prices (U.S. cents per pound) for August 31. Comp. daily 1979 146.18 (146.38); 15-day average 145.00 (144.63).

GRAINS

Business done—Wheat: Sept 104.45-4.10, Nov 107.85-7.50, Jan 111.80-1.15, Mar 116.50-4.10, May 117.60-7.15, July 119.85-8.70. Sales: 183 lots of 100 tonnes. Barley: Sept 105.70-5.00, Nov 108.60 only, Jan 112.15-2.05, Mar and May untraded. Sales: 44 lots of 100 tonnes.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterd'ys close	+ or −
Sept.	104.10	−0.35	105.10	−0.40
Nov.	107.30	−0.25	108.50	−0.25
Jan.	111.15	−0.30	111.80	−0.25
Mar.	116.15	−0.20	114.65	−0.25
May	117.20	−0.30	117.69	−0.25
July	119.70	−0.15	—	—

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 99.60, E. Mids 99.40, N. East 102.00, Scotland 96.70. The UK monetary coefficient for the week beginning Monday September 10 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: Sept/Oct 142.60, Nov 144.50, Dec 148.75 transhipment East Coast. Barley: English feed, fob Oct/Dec 111, seller East Coast. Rest unquoted. with early gains quickly lost on merchant selling. Values drifted for the rest of the day to close around the lows, reports Muirpace.

PIGMEAT

Despite lower physical prices, futures moved up through the day to close near contract highs. The first permitted trading in options saw limited activity, reports CCST Commodities.

Month	Yesterdays' close	Previous close	Business done
	p. per kilo (deadweight)		
Oct.	122.60	122.50	122.60-122.5
Nov.	124.90	124.60	125.00-124.5
Feb.	119.50	118.40	118.50-118.4
April	118.30	118.50	118.40
June	116.30	116.10	116.80
Aug.	115.00	114.90	115.00

Sales: 109 (56) lots of 50 carcases.

POTATOES

In very quiet trade prices eased slightly, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	78.90	75.90	73.50-72.50
Feb.	91.00	81.50	—
April	95.80	94.70	94.00-93.70
May	100.30	101.50	—
Nov.	78.50	79.00	—

Sales: 56 (314) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened slightly higher, attracted very little interest throughout the day and closed idle, reports Lewis and Peat. Closing prices (buyers): Spot 63.50p (63.00p), Oct 75.00p (74.50p), Nov 75.50p (75.00p). The Kuala Lumpur Sept fob price for RSS No 1 was 215.5 (217.00) cents a kg and for SMR 20 was 205.3 (206.00).

FUTURES—RSS No 1 £ per tonne. Nov 656 buyer only, nil; Dec 665 buyer only, nil; Jan 670 buyer only, nil; Feb 680 buyer only, nil; Mar 690 buyer only, nil; April 700 buyer only, nil; May unquoted; June unquoted; 1984 Oct/Dec 659, 660, 659; 1985 Jan/Mar 680 buyer only, nil; 1985 April/June 700 buyer only, nil. Sales: 0 (3) lots of 3 tonnes, 1 (15) lot of 15 tonnes.

SOYABEAN MEAL

The market opened unchanged in quiet conditions, reports T. G. Roddick. During the day sellers put pressure on the market and it closed lower in active trade.

	Yestday's close	+ or −	Business Done
	£ per tonne		
October	127.10-28.00	−0.15	127.88-27.20
Dec.	134.20-34.50	−1.25	134.50
Feb.	141.50-41.90	−1.00	141.80-41.78
Apr.	142.00-42.20	−1.15	145.00-42.50
June	141.00-41.50	−1.50	142.00
August	145.00-45.50	−0.25	145.00-44.50
October	145.00-47.00	−1.25	—

Sales: 195 (119) lots of 100 tonnes, 187 (103) lots of 20 tonnes.

SUGAR

Prices drifted in quiet trading conditions, reports C. Czarnikow.

LONDON DAILY SUGAR—Raw sugar £93.50 ($122.00), down 50p (down $1.00), a tonne for Sept-Oct delivery. White sugar $163.00, down $1.00.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean port). Prices for August 31: Daily price 6.28 (6.24); 15-day average 4.02 (3.99).

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct.	127.00-27.40	130.40-30.80	131.80-28.80
Dec.	136.60-37.40	140.00-40.50	140.40-36.80
Mar.	156.20-56.40	156.40-56.60	162.80-52.80
May	159.20-59.40	162.40-62.60	162.80-58.80
Aug.	168.40-68.80	172.00-72.40	172.00-68.40
Oct.	177.20-77.60	180.60-81.00	178.60-77.4
Dec.	184.00-85.40	187.80-90.00	185.40-85.60

Sales: No 6 2,101 (4,117) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £204.50 (£205.00) a tonne for export.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg: Oct 497, 505, 505-503; Dec 506, 509, 510-507; Jan 505, 508, 513-508; March 518, 519, 523-518; May 521, 522, 529-517; Aug 538, 538, 545-538; Oct 537, 540, 542, 546-540; Jan 540, 543, 546-540; March 548, 550, 555-548. Sales: 214.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 580.5, 582.0, 581.5-580.5, Dec 565.0, 567.0 untraded; Mar 573.0, 574.0, 578.0-573.0; May 578.5, 583.0, 580.0, July 583.0, 590.0, u/t; Oct 570.0, 586.0 u/t; Dec 579.0, 580.0, u/t; Mar 585.0, 600.0, u/t. Sales: 26.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 310 tonnes. Orders were more extensive and business improved after last weeks low levels. Useful contracts were announcedwy Useful contracts were arranged on Middle Eastern account, while African qualities were sought on a wider scale.

TEA AUCTION

LONDON TEA AUCTION—23,922 packages were on offer, including 2,600 packages in the offshore section. A strong general demand prevailed with improved competition for brighter teas. Prices for best liquoring East Africans advanced by 10-20p per kilo while mediums and plainer teas were firm to 5p dearer. Ceylons met a strong enquiry at firm rates with selected quality teas substantially dearer. Offshore teas found similar widespread support with the emphasis on all bright liquoring sorts. Quotations: quality 295p per kg (280p), medium 250p a kg (246p), low medium 218p per kg (214p).

INDICES

FINANCIAL TIMES

Sept. 3	Aug. 31	M'th ago	Year ago
893.09	894.18	888.54	891.77

(Base: July 1 1952 = 100)

REUTERS

Aug. 31	Aug. 30	M'th ago	Year ago
1867.1	1867.6	1875.8	1909.8

(Base: September 18 1931 = 100)

MOODY'S

Aug. 31	Aug. 30	M'th ago	Year ago
1001.3	1003.0	1007.3	1083.1

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Aug. 31	Aug. 30	Month ago	Year ago
Spot	199.79	160.27	187.46	145.17
Fut	199.75	188.86	124.10	131.89

(Base: December 31 1974 = 100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.58p per kg lw (−0.78). GB—Sheep 143.45p per kg est dcw (+9.00). GB—Pigs 83.29p per kg lw (−0.55).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated: English produce: Apples—Per pound, Bramley new crop 0.12-0.17, Howgate 0.09-0.10, Discovery 0.19-0.25, Worcester Pearmain 0.18-0.24, Red Miller 0.15-0.19, Tydeman's Worcester 0.15-0.22. Pears—Per pound Williams's 0.10-0.14. Plums—12-lb, Victoria 2.40-2.80, Belle 1.60-2.00, Oeraeon 2.40-2.60. Strawberries — ½-lb 0.30-0.40. Raspberries — ½-lb 0.60-0.70. Blueberries—½-lb 0.20-0.22. Black Currants—½-lb punnets 0.18-0.20. Potatoes—Per bag 56-lb 2.50-3.00, Bakers 5.50-6.00. Mushrooms—Per pound, open 00.50-0.65, closed 0.70-0.80. Lettuce—Per tray, round 1.20-1.40, Cos Dozen 1.60-1.70; Webb's 1.60-1.80; Iceberg 12's 4.50-4.80, 18's 4.00. Carrots—28-lb new crop 1.60-2.00. Greens—Prime 1.00-1.20. Tomatoes—Tray 12-lb 1.40-1.80. Sugar Peas—1.00-1.20. Cucumbers—Tray 1.40-2.00. Cauliflowers—Dozen, Lincs 2.40-3.00. Spring Onions—Bunch 0.09-0.10. Radishes—Bunched 0.12-0.14. Celery—Prepack 3.60-4.00, loose 2.40-2.50. Watercress—leo pack 20's 3.40-3.50. Salad — Crisps 18's 1.00-1.10. Courgettes — Per pound 0.09-0.10. Stick Beans — Per pound 0.10-0.14. Beetroot—Bags 28-lb 1.80-2.00. Onions — 55-lb bag 3.00-3.50. Calabrese—Per pound 0.30-0.35. Capsicums—Per pound 0.28-0.30. Marrows Dozen 1.40-1.60. Corn on the Cob—Each 0.10-0.15. Fennel—Tray 10-lb 3.00-3.50. Leeks—Per pound 0.25-0.30. Swedes—28-lb 2.00-2.40. Parsnips—22-lb 2.00-2.20. Cobnuts—Per pound 0.45-0.50.

Imported Produce: Oranges—Outspan: 10.50-11.00; Brazilian: 9.80-10.00; Cuban: Tropical 9.00. Mineolas—Outspan 7.50. Tangerines—Brazilian: Muscats 6.00-6.50. Honey 6.00-6.40. Lemons—Spania: 5-kg 1.80-2.40; 15-kg 4.50-5.40; Outspan: 15-kg 6.50-6.50. Uruguayan: 20-kg 6.00-6.40. Grapefruit—Outspan: Marsh Seedless 27 5.10, 32 5.75, 36 5.25, 40 4.95, 48 6.70, 56 7.05, 64 6.90, 72 6.50, Oda 60g less, Rose 37 6.00, 36 6.40, 40 6.30, 48 6.70, 56 6.40, 64 6.00; Uruguayan: 18-kg 7.20-7.50. Kurapuats—Brazilian: Sov 5.50-6.00. Apples—French: Golden Delicious, new crop carton 6.20-6.50, old crop 6.50-5.00. Spanish: Golden Delicious new crop, cartons 6.00-6.20. Granny Smith 11.50-12.50.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound firm

The dollar rose in very thin trading on the foreign exchanges yesterday. Expectations that U.S. interest rates are likely to remain firm in the near future, and that U.S. dealers may return from the Labor Day holiday as buyers of their own currency helped to underpin the dollar. There also seemed to be some wish to take the dollar outside its recent range of DM 2.87-2.90, but no new factors contributed to the closing level of over DM 2.91, the highest finish since August 13.

It climbed to DM 2.9115 from DM 2.8890 against the D-mark; FFr 8.9340 from FFr 8.8645 against the French franc; SwFr 2.4280 from SwFr 2.4100 in terms of the Swiss franc; and Y242.75 from Y241.85 against the Japanese yen.

On Bank of England figures the dollar's trade-weighted index rose to 137.2 from 136.5.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3020. August average 1.3138. Trade-weighted index 78.1, unchanged from the previous close, compared with 78.2 at the opening and noon, and 82.4 six months ago.

Developments at the TUC conference in Brighton had little or no impact on sterling, with the foreign exchanges generally expecting an overwhelming vote of support for the miners, and now waiting to see what effect this will have on power supplies, steel and other industries. The pound weakened against the strong dollar, was steady in terms of the yen, and rose against Continental currencies. It traded within a fairly narrow range of $1.3000 to $1.3080, before closing 55 points down at $1.3030. Sterling was unchanged at Y316.25, but improved to DM 3.7950 from DM 3.7775; FFr 11.64 from FFr 11.5825; and SwFr 3.1650 from SwFr 3.1500.

D-MARK — Trading range against the dollar in 1984 is 2.9145 to 2.5535. August average 2.8633. Trade weighted index 123.2 against 128.2 six months ago.

The dollar was fixed at DM 2.9040 against the D-mark at yesterday's fixing in Frankfurt up from DM 2.8870 on Friday. The Bundesbank sold $50m at the fixing but there appeared to be little indication of any open market intervention. The dollar's firmer trend was ascribed to very thin volume in the absence of U.S. markets for a holiday and the lack of any fresh influences in the market.

Elsewhere sterling rose to DM 2.9040 from DM 2.870 while the Swiss franc eased to DM 1.1983 from DM 1.1997½. Within the EMS, the Belgian franc improved to DM 4.9620 per BFr 100 from DM 4.9590 and the French franc was higher at DM 32.59 per FFr 100 compared with DM 32.585. The Dutch guilder also showed an improvement to DM 88.665 per Fl 100 from DM 88.615.

ITALIAN LIRA — Trading range against the dollar in 1984 is 0000 to 1,1591. August average 1,778.7. Trade weighted index 47.5 against 48.9 six months ago.

The dollar rose to a record fixing level against the Italian lira in Milan yesterday of L1,797.25. This was up from Friday's level of L1,789.00. There was little incentive to run short on dollars in the absence of U.S. centres for Labor Day holiday. Within the EMS the D-mark was lower at L618.59 from L619.44 and the French franc was slightly easier at L201.59 compared with L201.67. The Belgian franc was also weaker at L30.682 from L30.689.

£ in New York

	Aug. 31	Prev. close
Spot	$1.3080-3090	$1.3090-3100
1 month	0.11-0.12 dis	0.11-0.13 dis
3 months	0.44-0.46 dis	0.44-0.47 dis
12 months	2.40-2.50 dis	2.38-2.45 dis

Forward premiums and discounts apply to the U.S. dollar.

THE POUND SPOT AND FORWARD

Sept 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3000-1.3080	1.3025-1.3035	0.08-0.12c dis	-0.92	0.42-0.47dis	-1.37
Canada	1.6950-1.6950	1.6875-1.6885	0.17-0.21c dis	-1.35	0.66-0.74dis	-1.66
Nethlnd.	4.2685-4.2850	4.2730-4.2830	1⅞-1½c pm	4.73	4¾-4⅝ pm	4.27
Belgium	76.28-76.49	76.35-76.45	par-5c dis	-0.39	5-14 dis	-0.52
Denmark	13.77-13.81	13.77½-13.78½	par-1½ore dis	-0.49	2⅝-3⅞ dis	-0.94
Ireland	1.2255-1.2310	1.2280-1.2290	0.12-0.27p dis	-1.90	0.63-0.85dis	-2.41
W. Ger.	3.7825-3.8025	*3.79-3.80	1⅞-1½pf pm	0.34	4⅞-4½ pm	4.94
Portugal	197.25-198.75	197.50-198.25	235-636c dis	-26.38	715-1705dis	-24.45
Spain	215.25-215.85	210.65-215.75	55-75c dis	-3.62	185-215dis	-3.71
Italy	2,338.9-2,346.4	2,342-2,344	5-7lire dis	-6.87	20-23 dis	-3.87
Norway	10.84-10.88	10.84½-10.85½	1¾-2¼ore dis	-2.28	6⅞-7⅞ dis	-2.49
France	11.611-11.658	11.63½-11.64½	par-½c dis	-0.19	2-2¾ dis	-0.82
Sweden	10.8850-10.82	10.89-10.90	2⅜-2⅞ore dis	-2.55	7⅛-7⅞ dis	-0.78
Japan	315.45-310.75	315¾-316¾	1⅜-1y pm	4.27	3⅜-3⅛ pm	4.11
Austria	26.60-26.78	26.62-26.67	9⅜-8⅞gro pm	3.94	24⅝-20¾ pm	3.42
Switz.	3.1545-3.1725	3.16-3.17	1⅜-1½c pm	0.16	4⅝-4⅞ pm	5.86

Belgian rate is for convertible francs. Financial franc 77.00-77.10. Six-month forward dollar 1.01-1.06c dis. 12-month 2.30-2.45c dis.
* Rate for August 31 was 3.77¼-3.78¼.

THE DOLLAR SPOT AND FORWARD

Sept 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3025-1.3035	1.3000-1.3080	0.08-0.12c dis	-0.92	0.42-0.47dis	-1.37
Ireland†	1.0800-1.0865	1.0800-1.0610	0.14-0.04c pm	1.01	0.35-0.20 pm	1.03
Canada	1.2948-1.2962	1.2975-1.2962	0.03-0.05c dis	-0.37	0.08-0.12dis	-0.31
Nethlnd.	3.2760-3.2850	2.2830-3.2850	1.58-1.53c pm	5.68	4.58-4.55 pm	3.87
Belgium	58.48-58.68	58.63-58.68	4-2c pm	0.61	15-11 pm	0.89
Denmark	10.56½-10.58¾	10.58¼-10.58¾	¾-¼ore pm	0.57	2¼-2¾ pm	0.96
W. Ger.	2.8925-2.9125	2.9110-2.9120	1.56-1.51pf pm	6.34	4.60-4.55 pm	6.30
Portugal	151.60-152.10	151.60-152.10	170-470c dis	-25.29	500-1250dis	-23.05
Spain	165.27-165.60	165.35-165.55	25-35c dis	-2.12	85-105 dis	-2.30
Italy	1,795-1,798½	1,797½-1,798½	2⅛-3¾lire dis	-2.00	10-11 dis	-2.34
Norway	8.32¾-8.34	8.33½-8.34	0.80-1.10ore dis	-1.22	2.10-2.80dis	-1.13
France	8.8850-8.9500	8.9315-8.9365	0.70-0.50c pm	0.81	1.40-1.00 pm	0.54
Sweden	8.34½-8.37¼	8.36¾-8.37¼	0.90-1.40ore dis	-1.65	2.65-3.15dis	-1.39
Japan	242-242.80	242.70-242.80	1.11-1.07y pm	5.40	3.35-3.30 pm	5.49
Austria	20.41¼-20.46½	20.43-20.45	2.70-8.20gro pm	4.97	25.75-23.75pm	4.86
Switz.	2.4130-2.4290	2.4275-2.4285	1.52-1.46c pm	7.38	4.38-4.30 pm	7.15

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 59.10-59.20.

OTHER CURRENCIES

Sept. 3	£	$		£ Note Rates
Argentina Peso	97.05-97.20	74.37-74.40	Austria	26.55-26.85
Australia Dollar	1.5466-1.5475	1.1880-1.1885	Belgium	76.65-77.30
Brazil Cruzeiro	2,736-2,751	2,097-2,107	Denmark	13.73-13.87
Finland Markka	7.9162-7.9356	6.0840-6.0860	France	11.58-11.70
Greek Drachma	151.17-151.57	116.50-116.00	Germany	3.77½-3.81½
Hong Kong Dollar	10.2220-10.2320	7.8410-7.8450	Italy	2330-2365
Iran Rial	118.70*	90.65*	Japan	315-320
Kuwait Dinar(KD)	0.38626-0.38670	0.29700-0.29610	Netherlands	4.25½-4.29½
Luxembourg Fr.	76.35-76.45	58.63-58.68	Norway	10.82-10.93
Malaysia Dollar	3.0420-3.0480	2.3338-2.3350	Portugal	195-210
New Zealand Dlr.	2.6150-2.6200	2.0085-2.0110	Spain	210¼-220¼
Saudi Arab. Riyal	4.5935-4.5985	3.0296-3.0305	Sweden	10.86-10.97
Singapore Dollar	2.8200-2.8260	2.1625-2.1640	Switzerland	3.15-3.19
Sth African Rand	2.0679-2.0705	1.5865-1.5890	United States	1.29½-1.31½
U.A.E. Dirham	4.7790-4.7840	3.6720-3.6730	Yugoslavia	238-255

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.1354	+0.52	+0.52	±1.5447
Danish Krone	8.14104	8.15263	+0.14	+0.14	±1.6425
German D-Mark	2.24184	2.23966	-0.09	-0.09	±1.0642
French Franc	6.87456	6.87335	-0.02	-0.02	±1.4052
Dutch Guilder	2.52595	2.52641	+0.02	+0.02	±1.4964
Irish Punt	0.72569	0.725415	-0.04	-0.04	±1.6699
Italian Lira	1403.49	1384.73	-1.34	-1.34	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Sept. 3	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.1	N/A
U.S. dollar	137.2	"
Canadian dollar	90.5	"
Austrian schilling	113.3	"
Belgian franc	89.9	"
Danish Kroner	77.1	"
Deutsche mark	123.3	"
Swiss franc	143.1	"
Guilder	112.9	"
French franc	65.1	"
Lira	47.5	"
Yen	156.2	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.590568
U.S. $	9	N/A	0.771117
Canadian $	10.36	*	0.998982
Austria Sch.	4½	N/A	15.7423
Belgian Fr.	11	N/A	45.1354
Danish Kr.	7	N/A	8.15263
D'mark	4½	N/A	2.23966
Guilder	5	N/A	2.52641
French Fr.	9½	N/A	6.87335
Lira	15½	N/A	1384.73
Yen	5	N/A	186.212
Norwgn Kr.	8	N/A	6.41877
Spanish Pta.	—	N/A	127.543
Swedish Kr.	8	N/A	6.44653
Swiss Fr.	4	N/A	1.85943
Greek Dr'ch	20½	N/A	89.4341
Irish Punt	14	N/A	0.725410

*CS/SDR rate for Aug 31: 1.31898.

EXCHANGE CROSS RATES

Sept. 3	Pound Sterling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.303	3.795	316.3	11.64	3.165	4.278	2343.	1.686	76.40
U.S. Dollar	0.767	1.	2.912	242.8	8.934	2.428	3.284	1798.	1.293	58.66
Deutschemark	0.264	0.343	1.	83.63	3.067	0.834	1.127	617.4	0.445	20.13
Japanese Yen 1,000	3.162	4.120	12.00	1000.	36.81	10.01	13.53	7409.	5.336	241.5
French Franc 10	0.859	1.119	3.260	271.7	10.	2.718	3.675	2013.	1.450	65.64
Swiss Franc	0.316	0.412	1.199	100.0	3.678	1.	1.352	740.3	0.533	24.14
Dutch Guilder	0.234	0.305	0.887	73.92	2.721	0.740	1.	547.7	0.395	17.86
Italian Lira 1,000	0.427	0.556	1.620	135.0	4.968	1.351	1.826	1000.	0.720	32.61
Canadian Dollar	0.592	0.772	2.248	187.4	6.895	1.875	2.534	1388.	1.	45.26
Belgian Franc 100	1.309	1.705	4.967	413.9	15.24	4.143	5.592	3067.	2.209	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 11¼-11⅜ per cent; seven days 11⅝-11⅞ per cent; one month 11⅞-11⅞ per cent; six months 12⅛-12¼ per cent; one year 12⅜-12⅝ per cent. Long-term Eurodollars: two years 13⅛-13⅜ per cent; three years 13¼-13½ per cent; four years 13⅜-13⅝ per cent; five years 13½-13¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Firmer tone in London

Interest rates had a slightly firmer tone on the London money market in nervous trading, awaiting news from the TUC conference in Brighton. The market was quiet however, with three-month interbank closing unchanged at 10⅞ per cent. Discount houses buying rate for three-month eligible bank bills was also steady at 10⅛ per cent.

Total help of £818m was given to the money market on an estimated shortage revised to £900m from £1bn. After the early forecast the Bank of England offered assistance, and at that time bought £737m bills, mainly through £637m bills for resale to the market on September 26 at 10¾-10⅞ per cent. Another £100m bills were purchased outright, by way of £4m bank bills in band 1 (up to 14 days maturity) at 10⅝ per cent; £82m bank bills in band 2 (15-33 days) at 10⅝ per cent; £3m bank bills in band 3 (34-63 days) at 10⅝ per cent; £7m Treasury bills in band 4 (64-91 days) at 10⅝ per cent; and £4m bank bills in band 4 at 10⅝ per cent.

The forecast was revised around noon, when the authorities bought £30m bills, through £1m bank bills in band 1 at 10⅝ per cent; £16m bank bills in band 2 at 10⅝ per cent; £3m bank bills in band 3 at 10⅝ per cent; and £10m bank bills in band 4 at 10⅝ per cent.

In the afternoon another £51m bills were purchased outright, by way of £28m bank bills in band 2 at 10⅝ per cent, and £23m bank bills in band 3 at 10⅝ per cent.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £437m, with Exchequer transactions absorbing another £835m. These outweighed a fall in the note circulation of £225m, and bank balances below target of £45m.

In Frankfurt call money was slightly firmer at 5.55 per cent compared with 5.525 per cent, reflecting demand for funds at the beginning of the month.

There was little reaction to a rise of DM 900m in money market liquidity as a securities repurchase agreement for DM 7.3bn expired and was replaced by another agreement for DM 8.2bn, to run for 28 days. The increase in liquidity supplied by the central bank was seen as a move to help banks over tax payments due around the middle of the month.

MONEY RATES

Sept. 3	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	0.5-5.0	10¼	1½-2⅜	5⅞-5	6.46875	15¼-16⅜	0.80	18-12¼
One month	5.60-0.75	11-11⅛	4½-4⅝	6-6⅛	0.40625	10⅞-10⅞	11¼-11⅛	12¾-13
Two months	5.70-5.80	11⅛-11⅜	—	—	—	—	—	10⅞-13⅛
Three months	5.75-5.20	11⅛-11⅜	4¾-4¾	5¼-6⅜	5.29120	15⅝-16¾	11⅛-11⅜	13-15¼
Six months	5.90-6.10	11⅜-11⅝	—	6⅜-6⅝	—	—	11⅛ 11⅜	13⅛-13⅞
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	5¾	—	—	—	—

LONDON MONEY RATES

Sept. 3 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Discount Houses Deposit and Bill Rates

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	—	—	—	—
Three years	[illegible]	[illegible]	—	—	—	—
Four years	[illegible]	[illegible]	—	—	—	—
Five years	[illegible]	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period July 4 to August 7 1984 (inclusive): 11.781 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from August 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rate for sums at seven days' notice 7⅛-7½ per cent. Treasury Bills: Average tender rates of discount 9.9224 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 11 per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 13. Deposits held under Series 5 10½ per cent. The rates for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	13
Broker loan rate	12¼-12¾
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. September 3)
3 months U.S. dollars

bid 11 7/8	offer 12

6 months U.S. dollars

bid 12 1/8	offer 12 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Weaker trend

Prices were mostly easier in the London International Financial Futures Exchange yesterday. Trading volume was reduced by the closure of Chicago for Labor Day. Sterling based instruments touched their best levels early in the day, gaining some impetus from an apparent lack of unity as to how much support other unions would give to the National Union of Mineworkers. A majority vote at yesterday's TUC conference to give support to the miners did not immediately affect sentiment ahead of any practical application of such a motion.

Attention focussed later in the day on sterling's weaker trend against the dollar, reflecting a reluctance to run short on dollar's over the three-day break. Consequently sterling based contracts finished towards the lower end of the day's range.

Euro-dollars were little changed in a market lacking any fresh direction. Recent interest in the numerous amount of U.S. economic statistics failed to provide any relief to the relative inactivity with little of any significance, other than money supply, due for release this week. Much will depend on how U.S. markets react to last week's injection of funds by the Federal Reserve Board.

In the table below, the Chicago Financial Futures Exchange prices are for August 31. Prices quoted for London are as at September 3.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	88.33	88.35	88.31	88.34
Dec	87.88	87.90	87.87	87.87
March	87.54	87.55	87.50	87.50
June	87.28	87.29	87.28	87.25
Sept	87.06	—	—	87.03

Est. volume 926 (963)
Previous day's open int. 13,538 (13,357)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March*	[illegible]	[illegible]	[illegible]	[illegible]
June*	[illegible]	—	—	[illegible]

Est. volume [illegible]
Previous day's open int. [illegible]
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	—	—	[illegible]
June	[illegible]	—	—	[illegible]
Sept	[illegible]	—	—	[illegible]

Est. volume [illegible]
Previous day's open int. [illegible]
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) [illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	—	—	[illegible]

Est. volume [illegible]
Previous day's open int. [illegible]

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

Est. volume [illegible]
Previous day's open int. [illegible]

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

Est. volume [illegible]
Previous day's open int. [illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

Est. volume [illegible]
Previous day's open int. [illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	—	—	[illegible]
March	[illegible]	—	—	[illegible]

Est. volume [illegible]
Previous day's open int. [illegible]

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	65-27	65-28	65-26	65-23
Dec	65-06	65-07	65-02	65-01
March	64-20	—	—	64-15

Est. volume 74 (1,179)
Previous day's open int. 1,334 (1,725)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) $e per £

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	—	—	[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	—	—	[illegible]
Dec	[illegible]	—	—	[illegible]
March	[illegible]	—	—	[illegible]
June	[illegible]	—	—	[illegible]

Personal

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 3, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cn) convertible rate; (fu) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.06
Algeria	Dinar	(A) 6.5660
Andorra	French Franc	11.64
	Spanish Peseta	210.65
Angola	Kwanza	(OM) 45.7625
Antigua	E. Caribbean $	3.52
Argentina	New Peso	97.126
Australia	Australian $	[illegible]
Austria	Schilling	[illegible]
Azores	Portug'se Escudo	[illegible]
Bahamas	Ba. Dollar	[illegible]
Bahrain	Dinar	[illegible]
Balearic Isles	Spa. Peseta	[illegible]
Bangladesh	Taka	[illegible]
Barbados	Barbados $	[illegible]
Belgium	B. Franc	[illegible]
Belize	B.$	[illegible]
Benin	C.F.A. Franc	[illegible]
Bermuda	Bda $	[illegible]
Bhutan	Indian Rupee	[illegible]
Bolivia	Bolivian Peso	[illegible]
Botswana	Pula	[illegible]
Bourkina Faso	C.F.A. Franc	[illegible]
Brazil	Cruzeiro	[illegible]
Brit. Virgin Isles	U.S. $	[illegible]
Brunei	Brunei $	[illegible]
Bulgaria	Lev	[illegible]
Burma	Kyat	[illegible]
Burundi	Burundi Franc	[illegible]
Cameroon	C.F.A. Franc	[illegible]
Canada	Canadian $	[illegible]
Canary Islands	Spanish Peseta	[illegible]
Cape Verde Is.	Cape V. Escudo	[illegible]
Cayman Islands	Cay. Is. $	[illegible]
Cent. Afr. Republic	C.F.A. Franc	[illegible]
Chad	C.F.A. Franc	[illegible]
Chile	Chilean Peso	[illegible]
China	Renminbi Yuan	[illegible]
Colombia	Col. Peso	[illegible]
Comoro Islands	C.F.A. Franc	[illegible]
Congo (Brazzaville)	C.F.A. Franc	[illegible]
Costa Rica	Colon	[illegible]
Cuba	Cuban Peso	[illegible]
Cyprus	Cyprus £	[illegible]
Czechoslovakia	Koruna	[illegible]
Denmark	Danish Kroner	[illegible]
Djibouti	Djibouti Franc	[illegible]
Dominica	E. Caribbean $	[illegible]
Dominican Repub	Dominican Peso	[illegible]
Ecuador	Sucre	[illegible]
Egypt	Egyptian £	[illegible]
El Salvador	Colon	[illegible]
Equatorial Guinea	Ekuele	[illegible]
Ethiopia	Ethiopian Birr	[illegible]
Falkland Islands	Falkland Is. £	[illegible]
Faroe Islands	Danish Kroner	[illegible]
Fiji Islands	Fiji $	[illegible]
Finland	Markka	[illegible]
France	French Franc	[illegible]
French C'ty in Af.	C.F.A. Franc	[illegible]
French Guiana	Local Franc	[illegible]
French Pacific Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	[illegible]
Gambia	Dalasi	[illegible]
Germany (East)	Ostmark	[illegible]
Germany (West)	Deutsche Mark	[illegible]
Ghana	Cedi	[illegible]
Gibraltar	Gibraltar £	[illegible]
Greece	Drachma	[illegible]
Greenland	Danish Kroner	13.78
Grenada	E. Caribbean $	3.52
Guadaloupe	Local Franc	11.64
Guam	U.S. $	1.3030
Guatemala	Quetzal	1.3030
Guinea	Syli	31.66
Guinea-Bissau	Peso	107.81
Guyana	Guyanese $	4.898
Haiti	Gourde	[illegible]
Honduras	Lempira	[illegible]
Hong Kong	H.K. $	[illegible]
Hungary	Forint	[illegible]
Iceland	I. Krona	[illegible]
India	Ind. Rupee	[illegible]
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Iraqi Dinar	[illegible]
Irish Republic	Irish £	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	[illegible]
Jamaica	Jamaica Dollar	[illegible]
Japan	Yen	[illegible]
Jordan	Jordanian Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya	Kenya Shilling	[illegible]
Kiribati	Australian $	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Kuwaiti Dinar	[illegible]
Laos	New Kip	[illegible]
Lebanon	Lebanese £	[illegible]
Lesotho	Maluti	[illegible]
Liberia	Liberian $	[illegible]
Libya	Libyan Dinar	[illegible]
Liechtenstein	Swiss Franc	[illegible]
Luxembourg	Lux Franc	[illegible]
Macao	Pataca	[illegible]
Madeira	Portug'se Escudo	[illegible]
Malagasy Republic	MG Franc	[illegible]
Malawi	Kwacha	[illegible]
Malaysia	Ringgit	[illegible]
Maldive Islands	Rufiyaa	[illegible]
Mali Republic	C.F.A. Franc	[illegible]
Malta	Maltese £	[illegible]
Martinique	Local Franc	[illegible]
Mauritania	Ouguiya	[illegible]
Mauritius	M. Rupee	[illegible]
Mexico	Mexican Peso	[illegible]
Miquelon	Local Franc	[illegible]
Monaco	French Franc	[illegible]
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	[illegible]
Morocco	Dirham	[illegible]
Mozambique	Metical	[illegible]
Nauru Islands	Australian Dollar	[illegible]
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	[illegible]
Netherland Antilles	Antillian Guilder	[illegible]
New Zealand	N.Z. Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Republic	C.F.A. Franc	[illegible]
Nigeria	Naira	[illegible]
Norway	Norwegian Krone	[illegible]
Oman Sul'ate of	Rial Omani	[illegible]
Pakistan	Pakistan Rupee	[illegible]
Panama	Balboa	[illegible]
Papua N. Guinea	Kina	[illegible]
Paraguay	Guarani	[illegible]
Peru	Sol	exc(A)4,032.52
Philippines	Philippine Peso	23.13
Pitcairn Islands	£ Sterling	—
	New Zealand £	0.5175
Poland	Zloty	160.52
Portugal	Portugu'se Escudo	197.875
Puerto Rico	U.S. $	1.3030
Qatar	Qatari Ryal	[illegible]
Reunion Island	French Franc	[illegible]
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher	E. Caribbean $	[illegible]
St. Helena	St. Helena £	[illegible]
St. Lucia	E. Caribbean $	[illegible]
St. Pierre	Local Franc	[illegible]
St. Vincent	E. Caribbean $	[illegible]
Salvador El	Colon	[illegible]
Samoa American	U.S. $	[illegible]
San Marino	Italian Lira	[illegible]
Sao Tome & Prin.	Dobra	[illegible]
Saudi Arabia	Saudi Ryal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	S. Rupee	[illegible]
Sierra Leone	Leone	[illegible]
Singapore	Singapore $	[illegible]
Solomon Islands	Solomon Is. $	[illegible]
Somali Republic	Somali Shilling	[illegible]
South Africa	Rand	[illegible]
Spain	Peseta	[illegible]
Spanish ports in North Africa	Peseta	[illegible]
Sri Lanka	S. L. Rupee	[illegible]
Sudan Republic	Sudan £	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland	Lilangeni	[illegible]
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	[illegible]
Syria	Syrian £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania	Tan. Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Republic	C.F.A. Franc	[illegible]
Tonga Islands	Pa'anga	[illegible]
Trinidad	Trinidad & Tob $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	[illegible]
Tuvalu	Australian $	[illegible]
Uganda	Uganda Shilling	[illegible]
United States	U.S. Dollar	[illegible]
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emirates	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	[illegible]
Upper Volta	see Bourkina Faso	
Vanuatu	Vatu	[illegible]
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	[illegible]
Western Samoa	Samoan Tala	[illegible]
Yemen (Nth)	Ryal	[illegible]
Yemen (Sth)	S. Yemen Dinar	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Republic	Zaire	[illegible]
Zambia	Kwacha	[illegible]
Zimbabwe	Zimbabwe $	[illegible]

* Rate is the transfer market (controlled). †† Now one official rate. (1) Based on gross rates against Russian rouble. (2) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Business rate. (10) Rate for exports. (11) Parallel rate. (12) Rate for imports. (13) Essential imports. (14) Non-essential imports. (15) Nearly all business transactions.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bood issues for which an adequate secondary market exists. The following are closing prices for September 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	84⅞	85⅜	+0⅝	+0⅛	12.85
All Nippon Airways 14 94	100	109¾	110½	+0¼	+1⅛	12.18
American Savings 12 89	125	94⅛	94⅝	+0⅜	+0½	13.68
American Sav 12¼ 95	100	95⅛	95¾	+0¼	+0⅛	13.56
Austria Rep 13⅝ 92	100	102⅞	103⅜	−0⅛	−0⅜	12.67
Bank of Tokyo 13⅝ 91	100	101	101½	+0¼	+0⅛	13.31
C.N.C.A. 13¼ 91	100	100	100½	0	+0⅜	13.10
Coastal Int 12¾ 88	125	96¾	97¼	+0⅛	+0⅝	13.27
Creditanstalt 13⅛ 91	100	99	99½	+0⅜	+0⅞	13.26
D.N.C. 11¾ 91 WW	50	†90½	91	0	+0¼	13.56
D.N.C. 11¾ 91 XW	50	†88⅞	89⅞	−1⅛	−1⅞	14.55
Denmark Kingdom 12 91	100	93⅞	94⅜	0	−0⅜	13.38
Denmark Kingdom 13 91	100	98⅞	99⅞	0	−0¼	13.28
Denmark 13⅞ 88 XW	100	100⅞	101⅜	+0¼	+0⅞	13.47
Denmark Kingdom 14 91	100	103¾	104¼	0	−0⅝	13.96
E.D.C. 11⅛ 90	150	84⅞	85⅜	−0¼	−0¼	12.57
E.I.B. 12½ 90	100	98	98½	+0⅛	+0¼	12.91
E.I.B. 12⅞ 94	100	98⅛	98⅝	+0¼	0	13.12
Eurofima 12½ 91	100	97⅞	98⅜	0	−0⅛	12.90
Ex-Im Bk Japan 13¼ 91	75	102¼	102¾	0	−0⅛	12.65
First Michigan 13¼ 89	125	99½	100	0	−0½	13.59
Florida Fed Sav 12⅞ 89	100	95⅞	96⅜	+0⅝	+0⅜	13.49
Gen Elec Credit 0 96	600	†27⅞	28⅜	+0⅛	+0⅜	11.38
Gen Elec Credit 11 91 WW	200	95⅛	95¾	+0⅛	+0¼	12.81
Genossen Zentral 14 91	100	†104⅛	104⅝	+2½	+1⅞	12.97
GMAC O/S Fin 13 88	200	101¼	101¾	+0¼	+0⅜	11.87
Gulf & Western 12⅛ 89	100	93⅞	94⅜	+0⅛	+1½	13.91
Indust Bk Japan 11½ 89	125	94⅞	95⅜	+0½	+0½	12.94
Indust Bk Japan 13½ 91	125	100⅝	101⅛	0	+0½	12.28
Japan Air Lines 12½ 94	70	99	99½	+0⅝	+0⅞	12.11
L.T.C.B. 13⅝ 91	125	101½	101⅞	+0½	+0⅞	13.29
Macy O/S 11¾ 91	100	96⅝	97⅛	0	+0⅛	12.45
Mitsui Trust Fin 12 91	100	93¾	94¼	+0⅛	+0¼	13.41
Montreal City 12½ 91	70	96⅛	96⅝	+0½	+0⅝	13.29
Morgan Guaranty 12¼ 89	150	96⅝	95⅞	+0⅜	+0⅝	13.22
Newfoundland Prov 13 91	70	100⅞	101⅝	+0¾	+1¼	12.67
Nippon Cred Bk 13⅞ 89	100	102	102½	+0½	+0⅛	13.10
Nippon Tele 11⅝ 90	100	98⅝	99⅛	0	+0½	11.83
Nova Scotia Pro 11¾ 01	100	94⅝	95⅛	+0½	+0¼	12.93
Ontario Hydro 11⅝ 94	200	94⅝	99½	+0¼	+0⅞	12.55
Quebec Hydro 11½ 92	100	†93⅞	94⅜	+0¼	+1⅜	12.66
Quebec Province 12⅛ 94	150	96⅜	96⅞	+1⅛	+2	12.65
Rockefeller Grp 13¼ 89	100	101¾	102¼	+0⅛	+0½	12.63
Royal Bk of Can 11½ 00	100	84⅛	84⅝	+0⅜	−0⅛	13.20
Rural & Ind Bk 12 01	50	93¾	94¼	+0½	+0⅞	13.40
Sears O/S Fin 11⅝ 91	150	96½	97	+0⅝	+0⅛	12.35
Sec Pac O/S Fin 12 92	100	92¼	93	0	0	13.56
S.E.K. 11½ 89	100	94⅝	95⅛	+0⅛	0	13.05
Shearson/Amex 12⅛ 94	100	95	95½	+0⅛	+0¼	12.99
Statoil 12 88	100	98¼	98¾	+0⅛	+0½	12.48
Statoil 13½ 89	100	102⅜	102⅞	0	+0⅝	12.73
Sumitomo Fin 12¾ 01	150	97⅜	97⅞	+0½	+0⅜	13.27
Sweden Kingdom 12⅝ 89	200	98⅛	98⅝	+0½	+0¼	12.81
Texaco Capital 13⅛ 89	200	102⅛	102⅝	+0¾	+0⅞	12.66
Texas Insts Int 11⅞ 91	150	96⅜	96⅞	0	+1⅜	12.82
Tokai Asia 12¼ 91	100	95	95½	+0⅜	+0½	13.35
Tokyo Met 12⅞ 94	50	99	99½	0	+0⅛	13.06
World Bank 11½ 88	200	95½	96	+0¼	+0¼	12.64
Yasuda Trust&Fin 12⅝ 00	100	95¾	96¼	+0⅛	+0⅛	13.54

Average price change On day +0¼ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	100⅞	101⅜	+0½	+1⅛	7.38
Amca Int'l 8¼ 91	100	101	101½	+0⅛	+0½	7.98
A.N.A.S. 8¼ 01	100	100⅞	101⅜	−0⅛	+0½	8.27
Austria Republic 7⅞ 94	200	97⅞	98⅜	+0¼	+0⅝	7.82
Baxter Travenol 7¼ 94	200	97⅞	98⅜	−0⅛	+0⅝	7.50
Credit National 8¼ 94	200	99⅝	100⅛	0	+0⅝	8.09
Degussa Int Fin 7½ 94	100	101¾	102¼	+0⅝	+0⅞	7.23
E.E.C. 8 92	200	99⅞	100⅜	−0⅛	+0⅛	7.96
E.I.B. 8 91	250	100⅛	101	−0⅛	+0¼	7.85
Escom 8 92	150	98½	99	−0⅛	0	8.21
Ferrovie Dello Stato 8 91	100	99¼	100	0	+0¼	8.04
Finland Rep 7½ 91	150	97⅞	99⅛	0	0	7.83
Gould Int Fin 7⅝ 91	100	98⅝	99⅛	0	+0¼	7.81
Int Standard Ele 7⅜ 00	100	100	100⅜	+0⅛	+0⅜	7.29
Ireland 8¼ 92	150	98⅜	98⅞	+0⅝	+0⅞	8.18
Japan Fin Corp 7⅝ 01	100	99⅝	100⅛	−0¼	+0⅛	7.62
Nagel Fin 9¼ 94	150	99⅞	100⅜	0	+0⅛	8.29
Mitsubishi Hvy 3⅝ 89WW	300	99⅞	100⅜	+0½	+0⅛	3.44
Mitsubishi Hvy 3½ 89XW	300	88⅝	89⅛	+0¼	+1⅛	9.41
O.K.B. 7¼ 00	100	99½	100⅛	+0⅛	+0⅝	7.59
Pepsico O/S Fin 7¼ 94	250	99⅝	100⅛	−0⅛	+0⅝	7.24
Reynolds O/S Fin 7⅞ 94	125	100⅞	101½	0	+0⅝	7.32
Societe Cent Nuclear 8 91	100	100½	101	−0⅛	0	7.85
Sth Africa Rep 8⅛ 01	200	100⅞	101⅜	+0½	+0⅜	8.25
World Bank 7⅝ 89	100	99⅝	100⅛	−0⅛	+0¼	7.73
World Bank 8 94	200	100⅝	101⅛	+0¼	+1⅜	7.83

Average price change On day +0½ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6⅛ 94	100	†102	102½	+0½	+1⅛	5.86
Canada 5¼ 92	200	†100½	100¾	0	0	8.14
Consol Foods 5⅜ 94	200	†103¼	103½	0	+0½	8.29
Consol Press 6¼ 94	200	†100¼	100¾	−0½	−0¼	8.10
Credit Foncier 6 94	120	†100½	100¾	0	0	5.91
Electric Power 5⅝ 94	100	†100	100¼	0	+0¼	5.73
Euratom 9¼ 94	90	†101¾	102	+0⅜	+0⅜	5.89
FGH 5⅜ 92	110	†98½	98¾	+0⅜	0	5.97
G.B.Int 6¾ 92	70	†102½	102¾	+0¼	+1½	6.31
Int-Am Dev Bk 6¼ 94	120	†101¼	101½	+0¼	+0½	6.06
Japan Fin Corp 8½ 94	100	*98¼	98½	0	0	5.72
Japan Highway 5⅝ 92	150	†97¼	97½	−0¼	−0½	5.88
Kansai Ele Power 6⅛ 92	100	†103	103¼	+0½	+0½	5.82
Manitoba Prov 5⅝ 94	100	†103	103¼	0	+0½	5.33
Mitsui Fin Asia 5⅞ 94	55	†99	99¼	+0¼	0	5.90
Mount Isa Fin 5⅜ 94	100	†98¾	99	+0¼	+0½	5.88
New Brunswick 5⅝ 94	100	†101	101¼	0	+0¼	5.47
Quebec-Hydro 5⅞ 94	150	†102½	102¾	+0½	0	5.52
Statsforetag 6 92	75	†100¾	101	−0¼	0	5.86
Sweden Kingdom 5¾ 94	125	†101	101¼	0	0	5.59
Tauernkraftwerke 5½ 94	100	†99	99½	0	+0½	5.52
Tobu Railway 4 92 WW	100	†96¾	97	+0½	+1½	4.49
Tobu Railway 4 92 XW	100	†86¾	87	0	+0¼	6.18
Transcanada Pipe 5½ 92	100	†98½	98¾	−0¼	0	5.72
World Bank 5¼ 94	700	†102	102¼	0	+1¼	5.84

Average price change On day +0⅛ on week +0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅛ 94	15	99⅛	99⅜	+0¼	−0⅛	7.46
Eurofima 7⅛ 84	10	100⅛	100¾	0	−0½	7.29
New Zealand 7⅛ 90	15	99⅛	99⅝	−0⅛	+0¼	7.45
World Bank 7 94	20	95¾	96⅛	+0⅛	+0⅞	7.65
World Bank 7⅝ 93	20	100⅜	101⅛	+0⅛	+0¼	7.44

Average price change On day +0¼ on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Banque Indosuez 14 91 CS	75	†100⅝	100⅞	+0⅜	+1½	13.84
Brit Col Tel 12¾ 99 CS	70	†96⅞	97⅜	0	0	12.87
Canadian Dev 12¾ 99 CS	88	†96¾	97¼	−0⅜	−0¾	12.81
C.N.E. 13 93 CS	50	†97⅞	99⅛	+0⅞	+1⅛	13.39
Edmonton 13¾ 89 CS	50	†101¾	102¼	—	—	13.10
Montreal City Of 12 00 CS	50	†96½	97	+0¼	+1¼	12.73
Quebec Hydro 14 91 CS	75	†100½	101½	−0¼	−0¼	12.91
Vancouver City Of 13 94CS	30	†102½	103½	+0½	+0¾	12.41
E.E.C. 11¼ 91 ECU	50	†104¾	105¼	+0⅛	+0⅜	10.23
I.B.J. 11¼ 89 ECU	40	†101¾	102¼	+0⅜	+0¾	10.60
I.I.I. 11 88 ECU	60	†99¾	100¼	+1⅛	+1¼	10.83
Aegon 8¼ 89 FL	100	101½	102	0	−0¼	7.79
Beatrice Foods 8¼ 89FL	100	102⅜	102⅞	+0⅛	+0½	7.58
Dai-ichi 8½ 89 FL	50	99⅝	100⅛	0	−0⅛	8.53
New Zealand 8¼ 88 FL	100	100⅛	100⅝	0	−0½	8.14
Rank Xerox Fin 8½ 89FL	75	101⅝	102⅛	0	−0¼	7.75
World Bank 8¼ 89 FL	150	100⅛	100⅝	−0⅛	−0⅛	8.13
Charbonnages 13⅞ 85 FF	400	101¼	102¼	0	−0⅛	12.10
Air Canada 11¼ 84 £	40	95⅛	96⅛	0	+0⅛	11.88
Cod Europe 11⅞ 92 £	90	96	96½	0	−0⅜	12.13
Denmark 10⅝ 89 £	75	95⅛	95⅝	−0⅝	−0⅜	11.98
E.E.C. 11⅞ 94 £	50	97⅝	98⅛	0	+0⅛	11.73
E.I.B. 10¼ 92 £	50	93⅜	93⅞	+0⅞	+0⅛	12.06
I.B.J. 11⅝ 85 £	30	99½	100	+0⅛	+0⅜	11.81
I.I.L. 10¾ 92 £	25	93⅜	93⅞	0	0	11.92
Int Stand Ele 11⅛ 89 £	50	98⅞	99⅜	−0⅛	−1	11.35
Ireland 11¾ 94 £	50	94¼	94¾	+0⅛	+0⅛	12.35
New Zealand 10⅞ 98 £	100	95¾	96¼	−0⅛	−0⅜	11.73
O.K.B. 12¼ 91 £	30	101½	102	+0⅛	0	11.83
Royal Trustco 12¼ 89 £	30	102	102½	+0⅛	+0¼	11.60
SNCF 11⅛ 94 £	90	94⅛	94⅝	+0⅛	+0⅛	12.20
Sth Africa Rep 12½ 89£	40	100⅝	101⅛	0	+0⅝	12.19
World Bank 10⅞ 89 £	100	95½	96	−0⅛	−0⅜	11.83
Electrolux 10 89 LF	500	†98½	99½	−0⅜	−0½	10.26
E.C.S.C. 10¼ 94LF	100	†99½	100½	+0⅝	+1⅛	10.49

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Banking 9¼ 96	0¼	†98⅞	99⅜	10/9	10.81	10.91
B.B.L. Int 5 99	0⅛	99	99⅛	11/10	11.19	11.29
Banca Naz Agri 8¼ 91	0¼	†99¼	99½	10/2	12⅞	12.98
Bank of Montreal 9 89	0¼	100	100¼	27/10	11.10	11.17
Bankers Trust 8¼ 96	0⅛	99⅞	100⅛	10/10	11⅝	11.75
Barclays O/S Inv 5 2004	0⅛	98⅞	99⅛	2/9	10.56	10.01
BFG Fin 5¼ 98	0⅛	98⅞	99¼	1/9	11⅞	11.99
B.N.P. 8¼ 96 (July)	0¼	100	100¼	21/1	12.94	12.92
Credit Lyonnais 5¼ 00	0¼	100	100¼	14/12	12⅝	12.61
Dai-Ichi Kangyo 5¼ 96	0⅛	99½	100	10/11	12⅛	12.18
Dresdner Fin 8¼ 89	0	99⅜	99⅝	23/8	11⅝	11.68
E.D.F. 5⅛ 99	0⅛	99⅜	99⅝	23/8	10.58	10.62
Gotabanken 5¼ 94	0⅛	98⅝	98⅞	18/11	12.19	12.34
Lloyds Euro 9 2004 §	0⅛	98⅛	98⅜	18/10	11.31	11.43
Midland Int Fin 5 99 §	0⅛	99	99¼	8/9	10.58	10.66
Mort Bk Denmark 5⅛ 99	0⅛	99¾	100	11/9	11	11.01
Nat Aust-Perp 5 83	0⅛	99⅛	100⅛	10/11	12.44	12.44
Oster Land 5⅛ 99 §	0⅛	†98¾	99⅛	11/10	11.18	11.30
Queensland Coal 5¼ 99	0¼	100	100½	8/11	11⅝	11.60
Societe Gen 5⅛ 94	0⅛	99¾	100	15/8	10.18	10.20
Sweden Perp 5¼ 95	0¼	100⅛	100½	8/2	13⅛	13.20
Takugin 5⅛ 94 §	0⅛	99½	100	19/9	10⅝	10.78
Tokai 5⅛ 93	0⅛	100	100½	12/12	12½	12.47
Toyo 5⅛ 99	0¼	100	100¼	14/12	12⅝	12.81

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1100	97⅝	98⅝	+0⅛	1.47
Daiwa Sec Co 5½ 93	10/83	481.8	†109	110½	0	−3.55
Fanuc 3⅛ 99	1/84	9142	134⅜	135⅜	−1⅛	31.97
Fujitsu 3 99	5/84	1320.8	99½	99½	0	6.87
Honda Motor 5¼ 99	6/83	884	155½	156½	−0½	2.89
Konishiroku Photo 4 98	10/83	973	87	88	−0½	1.24
Marui 3½ 99	7/84	1182	98⅞	99⅞	+0¼	−1.81
Minebea Co Ltd 5½ 98	9/83	887	112⅛	113⅛	+0⅛	6.29
Mitsubishi Elec 5⅛ 98	8/83	396	107⅝	108⅝	−0½	5.06
Mitsubishi Heavy 4⅛ 99	1/84	253	89½	90½	0	−0.18
Murata 3½ 99	2/84	2839	120⅛	121¼	−1⅝	22.81
Murata 3½ 2000	7/84	2300	118	119	−1¾	−1.01
Nippon Oil Co 3¾ 99	3/84	1052	87½	88½	0	5.87
Nippon Oil Co 3½ 98	4/83	964	97½	98½	0	8.29
Nissan Motor 5⅛ 98	4/83	700	93¼	94½	−0½	8.53
Ono Pharmaceutical Co 3¼ 98	3/84	9480	†131	133	0	33.87
Orient Leasing 5⅛ 98	9/83	2680	125	126½	+0½	−1.81
Secom 5 98	11/83	2920	174⅛	176⅛	−1½	−0.43
Sekisui House 3 99	8/84	812	98⅛	99⅛	0	1.03
Sumitomo Corp 1⅛ 99	8/84	593	79⅞	80⅛	0	−0.48
Yamanouchi Pharmaceutical 4 90	10/83	1483.2	96⅞	97⅞	0	5.85
Nippon Oil Co 2⅛ 02 SF	3/84	1052	†103	102¼	+0¼	12.50
Nippon Shinpan Co 2 92 SF	3/84	801	†91¼	91½	+0½	30.10
Settsu Paper 2¼ 92 SF	4/84	677	†140	140½	+1	−1.38
Asics 5 92 DM	12/83	520	103	104	+0⅝	30.37
Sun Realty 8¼ 92 DM	2/83	365	145⅛	146⅛	+0⅝	−3.18

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv date – First date for conversion into shares. Cnv price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

Dealers scramble for IBM's $100m Labor Day present

BY MAGGIE URRY IN LONDON

IBM gave the Eurodollar bond market a Labor Day present yesterday: $100m worth of paper with its highly valued name on it. "Reason breaks down when you see a name like that," observed one dealer, and the scramble to buy had the deal trading above its issue price by the end of the day.

The deal arranged directly from the U.S. by IBM Credit Corporation was lead managed by Salomoo Brothers. The three-year bond carries an 11¾ per cent coupon, and a 99¾ issue price. Co-leads are Credit Suisse First Bostoo and Merrill Lynch.

Some special language will have to be devised for this and the other U.S. deals waiting to be closed to calm investors' fears about future U.S. tax changes. Most issue managers, however, are now confident of finding an acceptable form of words in the oext few days. They point out that secondary market issues have not suffered from a lack of the sort of protection investors are now asking for.

Another U.S. name – Citicorp – used its Netherlands company to launch a $250m floating rate note deal. But the issue can be switched to the U.S. once the wording has been sorted out.

Credit Suisse First Boston led the 12 year-issue, which yields ⅛ per cent over the mean of London interbank bid and offered rate (Libor). The terms were not a giveaway, and the issue traded just outside its 0.55 per ceot total fees.

The Labor Day holiday did mean a very quiet secondary market in Loodoo yesterday. Eurodollar bonds were at best ⅛ point firmer on the back of some short covering.

Deomark, not quite sucb a rare name as IBM's took advantage of the recent reopening of the Canadian dollar sector by the Canadians themselves, to try out the currency. Its C$100m deal is thought to be the largest from a non-Canadian borrower. The five-year issue carries a 13 per cent coupoo – though at the cost of a 100¼ issue price. Like most Canadian dollar deals, which are bougbt by the private investors of

BHF Bank bond average		
Sept 3		Previous
100.054		99.985
High	1984	Low
100.054		98.066

Benelux, the issue traded slowly at around its 1¾ per cent total fees. Lead managers are Morgan Stanley, Credit Lyonnais, Maoufacturers Hanover ond Société Générale de Banque.

The proceeds are expected to be swapped into floating rate U.S. dollars, to help with Denmark's refinancing programme.

The D-Mark sector had another good day yesterday. Falling yields in the domestic bond market, encouraged by the low inflation rate Germany is enjoying, encouraged buyers ioto D-Mark Eurobonds too. Prices were ⅛ to ¼ point higher, although turnover is still on the quiet side. The only duller spot was among Japanese convertibles, hit by the weaker Tokyo stock market. Recent high flier Rhythm Watch lost nearly two points, but is still well above its issue price at 108½.

The Swiss franc market has less to be happy about and foreign bonds were largely unchanged in low turnover. Selective buying pushed some issues higher.

SBC announced a private placement for the Norwegian Bergen Bank. Raising SwFr 50m, the seven year issue has a 6 per cent coupon and o par issue price.

● Mr David Craig and his three colleagues who left Morgan Guaranty early this year, have now raised the $25m they needed to set up their own company – International Fioancial Markets Trading. Backers include Lazard Brothers, Britain's National Coal Board Pension Fund and the small business finance group 3i. Mr Craig plans to gear op his capital and buy international bonds (plus some equities) for IFM's own book and for institutional investors who want to "co-invest" with IFM. The company will not be getting involved in underwriting public issues – "that's a big boys' game" says Mr Craig.

DEBT PREPAYMENT

Denmark completes its loan reshuffle

BY HILARY BARNES IN COPENHAGEN

THE FACT that Standard and Poor's, the U.S. credit rating agency, downgraded the Kingdom of Denmark from AAA to AA+ in December 1983 has had no perceptible influence oo Denmark's ability to raise money abroad or oo the rates at which it bas borrowed.

The Kingdom has carried out a successful programme this year to rearrange its loan portfolio by prepaying fixed-rate loans worth $2.2bo and replacing them with loans at lower interest rates and much longer maturities.

International market conditions have, of course, enabled the refinancing programme to take place. However the economic policies of the noo-Socialist coalition Government, which took office in September 1982, have done much to bolster the confidence of the banking community after the dark days of winter 1982.

Bankers are impressed by the achievement of the Government in reducing a projected 1983 budget deficit of DKr 80bn ($7.61bo), or over 15 per cent of gross domestic product (the projection at the time that the Government took office), to an actual deficit in 1984 of around DKr 45bn and a budgeted deficit for 1985 of DKr 42bn.

Wage increases have been balved, from about 10 per cent in 1982 to about 4½ per cent in 1984, helping to bring the rate of increase in consumer prices down from 10 to 6½ per cent. The krone exchange rate bas been effectively stabilised after a period from 1979 to 1982 of crawling peg devaluations within the European Monetary System (EMS).

With a net foreign debt totalling DKr 85bo at the end of last year, about 36 per ceot of GDP (it will rise to well over DKr 100bn by the end of this year), a reductioo in the current balance of payments deficit is a major government priority.

Last year it succeeded. The deficit was cut from DKr 18.7bn to DKr 10.7bn.

With rising domestic demand and the strong dollar, which has increased substantially interest payments on the foreign debt, the current account deficit has deteriorated again this year, rising to DKr 10.1bn in the first half. The Government now forecasts a deficit for the year of around DKr 15bn, while several other forecasters, including some of the major banks, think it will be slightly higher than this.

If foreign bankers are worried by this trend, they are not letting it show in their willingness to lend to Denmark despite the couotry now having to borrow just to pay the interest oo its loans.

Earlier this year the Kingdom prepaid $1.6bn loans, It announced last week that it would be prepaying $650m in October of a loan arranged in 1982 by Citicorp. The loans being prepaid carried interest res of ⅜ to ½ per cent over London interbank offered rate (libor).

With substantial foreign exchange reserves and undrawn credits, the Kingdom bas been in a strong positioo to rearrange its loan portfolio. The state (excluding the Kingdom of Denmark mortgage bank and the export credit council) has taken up new loans totalling DKr 28.2bo ($2.7bn), all of which have been drawn; plus a $1bn revolving credit facility, arranged by Manufacturers Hanover, which is by way of a stand-by credit.

The national debt office calculates that the effective cost of the new loans is 0.42 per cent lower than the loans they are replacing, and the maturity has been extended from an average of three to nine years.

This means that despite the rising current account deficit the state's repayments schedule has been improved. At the beginning of this year, the state's repayments (amortisation) in 1985 and 1986 were estimated to be DKr 10.6bo and DKr 12.4bo. The amounts have now beeo reduced, as of June 30 to DKr 8.3bn and DKr 9.7bn.

Of this year's new loans, $1.8bn (excluding the revolving credit) are io dollars, about $450m in yen and the remainder io sterling, D-Marks, guilders, Ecu's and Swiss francs.

The three biggest dollar loans, $500m with Salomon Brothers $600m with Morgan Stanley and $200m with Merrill Lynch, are floaters with effective spreads of 0.29, 0.31 and 0.04 per cent over Libor, while the other dollar loans are swaps with interest rates under Libor.

هكذا صدر الأصل